



Daily Report

East Asia

FBIS-EAS-94-233
Monday
5 December 1994

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report

East Asia

FBIS-EAS-94-233

CONTENTS

5 December 1994

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Reports on Reaction to A-Bomb Stamp Continue	1
Tokyo Asks U.S. To Cancel [KYODO]	1
Tokyo Watching U.S. Moves [KYODO]	1
Kono 'May Call' Christopher [KYODO]	1
Editorial Berates U.S. Plan [MAINICHI SHIMBUN 3 Dec]	1
Editorial Notes Concern Over U.S. Arms Policy [YOMIURI SHIMBUN 3 Dec]	2
U.S., Asia To Cooperate in Controlling Gun Trade [KYODO]	3
U.S. Plywood Group Asks Fair Market Share [KYODO]	3
Tokyo To Ask Developing Nations To Consider GII [KYODO]	4
Foreign Ministry Surveys Yen-Based Loan Projects [NIHON KEIZAI SHIMBUN 2 Dec]	4
Hashimoto Asked To Stop Yen's Further Surge [KYODO]	4
Saito Remains 'Cautious' Over Dollar's Rebound [KYODO]	5
More Foreigners Reject Corporate Meeting Agenda [KYODO]	5
MOFA Comments on UN Resolution on Enemy Clause [ASAHI SHIMBUN 26 Nov]	5
Kono on Need To Normalize Relations With DPRK [KYODO]	6
PRC Asks Tokyo To Dispose of Poison Gas Containers [KYODO]	6
PRC Development Bank To Receive Training [KYODO]	7
Panov Asked for More Efforts on Kuril Dispute [KYODO]	7
Government Postpones Russia's Debt Payments [KYODO]	7
Finance Ministry Banking Bureau Under Fire [AERA 5 Dec]	8
Arbitration To Forestall Class Action Suits [NIKKEI BUSINESS 14 Nov]	9
Further Reportage on Nuclear Policy Development	10
Experts Trace, Comment on Policy [ASAHI SHIMBUN 13 Nov]	10
Chronology of Major Developments [ASAHI SHIMBUN 14 Nov]	11
Article Analyzes Policy Reports [ASAHI SHIMBUN 13 Nov]	12
Tokyo To Use TRU To Stop Nuclear Proliferation [NIHON KEIZAI SHIMBUN 28 Nov]	13
Diet Approves Extension for WTO, A-Bomb Votes [KYODO]	13
Lower House Passes Bill To Aid A-Bomb Victims [KYODO]	14
Administrative Reform Committee Members Named [KYODO]	14
Commentator Discusses Administrative Reform [SANKEI SHIMBUN 29 Nov]	14
Government, Coalition To Discuss Special Tax [KYODO]	16
Komeito Closes 30-Year History To Join New Party [KYODO]	17
Aide Calls For Kaifu-Ozawa Duo To Lead Shinshinto [KYODO]	17
Hata 'Not Yet Decided' on Presidency Bid [KYODO]	17
Five Members To Quit SDPJ To Promote New Party [KYODO]	18
Further on Resigning Members [KYODO]	18
Journalist on 'Shinshinto' Maneuverings [EKONOMISUTO 6 Dec]	19
LDP's Mori Comments on Political Maneuvering [CHUO KORON Dec]	21
DSP Head on Leadership Issues Facing New Party [Tokyo TV]	27
Majority Said To Expect Less From New Party [YOMIURI SHIMBUN 29 Nov]	28
Former FTC Head To Testify Against Miyazawa [KYODO]	29
MOF Bureaucrats Dominate Government Corporations [MAINICHI SHIMBUN 28 Nov]	29

North Korea

Pyongyang-U.S. Press Statement on Talks Reported [Pyongyang Radio]	30
KCNA Carries Press Statement	30
Reactor Delegation to U.S. Returns Home 3 Dec [Pyongyang Radio]	30

'Surprise Air Strike Exercise' Denounced [KCNA]	30
'Military Provocation' of 'Puppet Army' Decried [KCNA]	31
ROK 'Operational Control' Transfer Criticized [KCNA]	31
ROK Still 'Marionette' of 'Outside Forces' [KCNA]	31
'Mastermind of Social Evils' Must Be Removed [KCNA]	32
'Deliberate Provocation' by ROK Alleged [KCNA]	32
Paper Urges Overthrow of Kim Yong-sam Government [KCNA]	32
ROK Students Demand Action on 12 Dec Incident [KCNA]	33
ROK, Japanese 'Military Exchange' Denounced [KCNA]	33
Japan Cannot Erase Fame as 'Enemy State' [KCNA]	33
Daily: Kim Il-song Is Immediately Kim Chong-il [KCNA]	34
Hong Song-nam Addresses Labor Functionaries [Pyongyang Radio]	34
Han Song-yong Reads WPK Congratulatory Message [Pyongyang Radio]	37
Electrification of Railway Lines Urged [MINJU CHOSON 10 Nov]	39
Technological Innovation in Economy Stressed [MINJU CHOSON 9 Nov]	41
Revolutionary Spirit of Self-Reliance Urged [MINJU CHOSON 21 Oct]	43
Method of Achieving Socialism Explained [Pyongyang Radio]	45
Implementation of Economic Strategy Urged [NODONG SINMUN 24 Oct]	46
Paper on Independent Status of Popular Masses [KCNA]	48

South Korea

U.S., DPRK Reconfirm Cooperation on Reactors [YONHAP]	49
U.S. Officials Agree on No Royalty for Reactors [YONHAP]	49
Russian Vice Foreign Minister Objects to Reactor [YONHAP]	49
Trade Group: U.S. Exported Parts to North [YONHAP]	50
Hong Kong Firm Agrees to Branch in DPRK [THE KOREA HERALD 2 Dec]	50
North Korea 'Actively Seeking' German Ties [YONHAP]	50
DPRK: N-S Ties Cut Due to Kim Yong-sam [YONHAP]	51
Kim Il-song 'Approved' Mt. Kumgang Project [Seoul Radio]	51
Seoul Approves Importing DPRK Apples in 1995 [YONHAP]	51
BOK: Foreign Fund Inflows Rise 'Sharply' [YONHAP]	51
Surge in Direct Overseas Investment Reported [THE KOREA HERALD 3 Dec]	52
Foreign Exchange Liberalization Plan Unveiled [YONHAP]	52
Ban on Weapon Exports to South Africa Canceled [YONHAP]	53
Government Allows Sale of Australian Beef [THE KOREA HERALD 2 Dec]	53
Assembly's Budget Committee Passes Budget Bill [YONHAP]	54
Opposition Decides To Block Budget Bill Approval [YONHAP]	54
Pending Bills Passed in 'Lightning Action' [YONHAP]	54
Opposition Head Suggests Return to Assembly [YONHAP]	55
Opposition Returns to Assembly; Tension Continues [YONHAP]	55
Opposition Schedules Massive Outdoor Rally [YONHAP]	56
Government Decides To Restructure Administration [Seoul Radio]	56
Merge Creates 'Super Ministry' [THE KOREA TIMES 5 Dec]	57
High-Level Posts Reduced [YONHAP]	57
Effort To Streamline Organization [YONHAP]	58
Ruling, Opposition Parties Differ on 'Revamping' [THE KOREA TIMES 5 Dec]	59

SOUTHEAST ASIA

Burma

Financial Market Promotion Agreed With Japan [THE NEW LIGHT OF MYANMAR 30 Nov]	60
Home Affairs Minister Leads Bangladesh Visit	60
Officials Welcome Group [Rangoon Radio]	60
Radio Reports on Activities [Rangoon Radio]	60
Drug Trade Pact Signed [Rangoon Radio]	60
Delegation Ends Visit [Rangoon TV]	61
Ohn Gyaw Attends Joint Commission Meeting	61
Leaves for Meeting [Rangoon Radio]	61
Returns From Meeting 3 Dec [Rangoon TV]	61

Suu Kyi Seen Key to Ending Diplomatic Isolation [London THE TIMES 3 Dec]	61
Reports Continue on Returnees From Bangladesh	62
On 21-23 Nov [THE NEW LIGHT OF MYANMAR 26 Nov]	62
On 24 Nov [THE NEW LIGHT OF MYANMAR 29 Nov]	62
On 25 Nov [THE NEW LIGHT OF MYANMAR 30 Nov]	62

Brunei, Malaysia & Singapore

Malaysia

Minister Criticizes UNPROFOR Commander [Kuala Lumpur International]	62
Commentary Backs Anti-Money Laundering Measures [Kuala Lumpur International]	63
Commentary Warns of 'Unlimited' Press Freedom [Kuala Lumpur International]	63

Singapore

Editorial Welcomes Business Council With Thailand [BUSINESS TIMES 2 Dec]	64
--	----

Cambodia

Hun Sen Denies Reports of Threatened Aid Cuts [Phnom Penh Radio]	64
Hun Sen Addresses Interior Ministry Seminar [Phnom Penh Radio]	65
Government Appeals for Rice Aid in 1995 [Phnom Penh Radio]	66
Khmer Rouge Blames Government for Food Shortage [Radio PGNUNS]	67

Indonesia

GATT Members Urged To Follow U.S. Ratification [Jakarta Radio]	68
Ministers Explain Benefit of Trade Liberalization [ANTARA]	68

Laos

DPRK Sends Greetings on 19th National Day [Vientiane Radio]	69
Foreign Investors Sought To Expand Phone System [BANGKOK POST 5 Dec]	69

Thailand

Government Protests Killing of 17 Thai Workers [BANGKOK POST 2 Dec]	69
Defense Minister Says Cambodian Border Unsafe [Bangkok Radio]	70
Navy Commander on Border Situation [THE NATION 3 Dec]	70
Supreme Commander Receives Cambodian General [Bangkok Radio]	71
'Thailand-Singapore Business Council' Formed [BANGKOK POST 1 Dec]	71
Residents Cautioned on Burmese Border Fighting [BANGKOK POST 1 Dec]	72
Private Sector Seeks More Say in Trade Pacts [BANGKOK POST 2 Dec]	72
Opposition Said Preparing To Topple Government [BANGKOK POST 2 Dec]	73
Chawalit Attacks Coalition Leaders [THE NATION 3 Dec]	73
Chuan Plays Down 'Political Crisis' [THAILAND TIMES 4 Dec]	74
Chuan Interviewed on Economic, Political Situation [FINANCIAL TIMES 5 Dec]	75
King Addresses Troops at Annual Ceremony [Bangkok Radio]	76
Commerce Minister Assigns Deputies' Specialties [BANGKOK POST 1 Dec]	77

Vietnam

Military Joins Search for U.S. MIA's in Laos [Hanoi International]	77
Further on Visit by PRC Assembly Delegation	77
Delegation Arrives 1 Dec [Hanoi Radio]	77
Le Duc Anh Receives Delegation [VNA]	77
Do Muoi Receives Delegation 2 Dec [Hanoi Radio]	78
Economic Cooperation With Russia Praised [Hanoi International]	78
Commentary on New Friendship Treaty With Russia [Hanoi International]	79
Further on Visit by Belgian Crown Prince	79

Leaders Receive Prince 3 Dec [Hanoi Radio]	79
News Conference Held 5 Dec [Hanoi Radio]	80
Other Activities Outlined [Hanoi Radio]	80
Bilateral Debt Agreement Signed With Britain [VNA]	81
UK, Hong Kong Refugee Repatriation Continues [Hong Kong SOUTH CHINA MORNING POST 5 Dec]	81
Defense Minister Departs for Philippines [VNA]	81
Commentary Welcomes Pact on Mekong Development [Hanoi International]	82
Indian Trade Delegation Visits, Seeks Projects [VNA]	82
Economic Cooperation With India Outlined [BUSINESS TIMES 30 Nov]	82
Report Reviews Foreign Investment Sources [AFP]	83
Overseas Vietnamese Investment Encouraged [VNA]	84
Vo Van Kiet Visits Mekong River Delta Provinces [VNA]	84
Vo Van Kiet Attends Power Plant Inauguration [Hanoi Radio]	85
Electricity Development in Central Region Viewed [Hanoi Radio]	85
* Article Reviews People's Councils Activities [SAIGON GIAI PHONG 14 Oct]	86

AUSTRALASIA

Australia

French Trade Delegation Meets Bank Governor [AFP]	88
---	----

New Zealand

Finance Minister on Commitment to Debt Repayment [AFP]	88
--	----

Papua New Guinea

Two Killed in Clash With Bougainville Rebels [AFP]	88
--	----

Solomon Islands

Australia Investigates Allegations on Mercenaries [Melbourne International]	89
New Surveillance Force To Monitor Shipping [AFP]	89

Japan

Reports on Reaction to A-Bomb Stamp Continue

Tokyo Asks U.S. To Cancel

OW0312070994 Tokyo KYODO in English 0646 GMT
3 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 3 KYODO—The Japanese Government has formally asked the U.S. State Department to reconsider a U.S. plan to issue postal stamps featuring an atomic bomb mushroom cloud, government officials said Saturday [3 December].

The Japanese Embassy in Washington conveyed the request Friday local time, stressing the Japanese people have special feelings over the atomic bombings, the officials said.

Officials of the State Department disclosed Japanese diplomats that the U.S. is considering to scrap a plan to issue the postal stamp, the officials said.

Prime Minister Tomiichi Murayama and Foreign Minister Yohei Kono have indicated Japan will take some diplomatic action over the U.S. stamp plan. But they added the U.S. will inform Tokyo of conclusion on the controversial matter later, they said.

The U.S. Postal Service plan to issue the stamp, to be released as part of stamps to mark the 50th anniversary of the Allied victory in World War II, has drawn criticism from Japanese atomic bomb survivors.

Bearing the caption "atomic bombs hastened to end war in August 1945," the stamp, which would be on a sheet of 10 stamps featuring major war events in 1945, shows a mushroom cloud of an atomic blast.

Shortly before Japan surrendered in World War II on Aug. 15, 1945, the U.S. dropped an atomic bomb on Hiroshima on Aug. 6 and Nagasaki on Aug. 9, killing some 210,000.

Tokyo Watching U.S. Moves

OW0512035594 Tokyo KYODO in English 0341 GMT
5 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO—Japan is keeping a close watch on what action the United States will take on a plan to issue a stamp depicting the mushroom cloud of the atomic bomb dropped over Hiroshima in World War II, the top government spokesman said Monday [5 December].

"As for the U.S. Side, I understand that the State Department was already aware of the issue and has begun reconsidering the plan," Chief Cabinet Secretary Kozo Igarashi said at a news conference.

"On the part of the Japanese Government, our U.S. Ambassador (Takakazu) Kuriyama relayed the strong feelings of the Japanese people to Assistant Secretary of

State (Winston) Lord on Friday afternoon," Igarashi said. "Therefore, we are now closely monitoring developments in the U.S.," he said.

The U.S. Postal Service plan to issue the stamp to mark the 50th anniversary of the end of the war has triggered protests in Japan. Prime Minister Tomiichi Murayama and Foreign Minister Yohei Kono, joined by A-bomb survivors who are still suffering from the aftereffects of the bombs, have expressed displeasure about the plan.

Bearing the caption, "atomic bombs hasten the war's end, August 1945," the stamp, which would be on a sheet of 10 stamps depicting major war events in 1945, shows a mushroom cloud of an atomic blast.

Shortly before Japan surrendered on Aug. 15, 1945, the United States dropped an atomic bomb on Hiroshima on Aug. 6 and on Nagasaki on Aug. 9, killing an estimated 210,000 people.

Meanwhile, Social Democratic Party (SDP) [of Japan—SDPJ] Secretary General Wataru Kubo asked U.S. Ambassador Walter Mondale in a meeting Monday afternoon to convey his party's misgivings about the a-bomb stamp to Washington, SDP officials said.

"It is extremely worrisome that such a stamp is being issued just at a time when we plan to create an A-bomb victim relief law to mark the 50th anniversary of the end of the war," Kubo told the ambassador.

Mondale promised to inform Washington about the SDP's view, the officials said.

The Japan Postal Workers' Union on Monday joined the wave of protest saying, "We clearly oppose the issuing of a stamp that justifies the use of an atomic bomb as a measure of war."

The union will send a letter to the U.S. Postal Service requesting the planned stamp be scrapped and also hand the statement to the U.S. Embassy in Tokyo, union officials said.

Kono 'May Call' Christopher

OW0512120594 Tokyo KYODO in English 1144 GMT
5 Dec 94

[FBIS Transcribed Excerpt] Tokyo, Dec. 5 KYODO—Foreign Minister Yohei Kono will express to the United States Tokyo's feelings about a U.S. plan to issue stamps featuring the atomic bombing of Japan, a top Foreign Ministry official said Monday [5 December].

The official, who spoke on condition of anonymity, said Kono plans to convey Japan's feelings to the U.S. soon, indicating he may call U.S. Secretary of State Warren Christopher to urge reconsideration of the U.S. plan. [passage omitted]

Editorial Berates U.S. Plan

OW0412060094 Tokyo MAINICHI SHIMBUN in
Japanese 3 Dec 94 Morning Edition p 5

[Editorial: "Insensibility of U.S. Plan To Issue 'Atomic Bomb Postal Stamps'"]

[FBIS Translated Text] The U.S. Postal Service has announced that it will issue postal stamps featuring an atomic mushroom cloud next year to commemorate the 50th anniversary of the end of World War II. This is the first time that the United States has announced plans to issue postal stamps featuring an atomic mushroom cloud.

Why has the U.S. Postal Service decided to add the postal stamps in question to ten other sets of postal stamps to be issued in commemoration of the 50th anniversary of the end of World War II? We have no choice but to say that the choice of such postal stamps is an insensitive action taken without consideration for the Japanese people's feelings about atomic bombs.

The U.S. Postal Service is said to have designed the postal stamps on the basis of pictures showing atomic clouds over Hiroshima and Nagasaki, and another picture showing atomic clouds over the South Pacific that occurred during a U.S. nuclear test. The postal stamps in question carry a caption saying "Atomic Bombs Hasten War's End, August 1945."

If it is true, it can be said that the postal stamps in question are commemorative stamps designed to justify the U.S. action of dropping atomic bombs on Hiroshima and Nagasaki. We cannot overlook the postal stamps simply as commemorative stamps because the United States has paid virtually no consideration to the fact that about 200,000 Japanese citizens lost their lives under the atomic cloud.

We are surprised at the insensitivity that the United States has shown. We want to ask where the conscience of the United States for respecting human life and personalities created by God has gone. Perhaps, the United States, which has even built memorials for Jewish victims of the Holocaust after showing its strong concern over them, is probably not concerned over Japanese victims of the atomic bombs.

The Smithsonian Aerospace Museum in Washington is planning a special exhibition next May to mark the 50th anniversary of the end of World War II. In the face of criticism from the U.S. Veterans Association and U.S. news media, the museum is said to have changed part of its plan to present displays emphasizing the damage wrought by the atomic bombs. However, the museum is said to have decided to include explanations on the justification for dropping the atomic bombs along with displays focusing on atomic bomb damage.

President Clinton has decided to establish 7 December (8 December Japan time), the day Japan attacked Pearl Harbor, as a "day for the memory of Pearl Harbor." The President is said to have made the decision out of consideration for the U.S. Veterans' Association.

Some American historians have asserted that the "United States did not need to drop the atomic bombs

on Hiroshima and Nagasaki." Other American historians have criticized the United States for dropping an atomic bomb on Nagasaki, claiming "the United States did not need to drop an atomic bomb on Nagasaki at all."

Defying these assertions, the U.S. Postal Service plans to issue the postal stamps with a caption saying "Atomic Bombs Hasten War's End, August 1945." We cannot understand why the U.S. Postal Service intends to issue such postal stamps.

The question has incessantly been raised about why the United States unhesitatingly dropped two atomic bombs on a Japan which had lost its ability to wage war. Can it be said that Americans, who justify dropping the atomic bombs on Japan, have no racial prejudice against Japanese? We cannot help raising this question in light of moves in the United States to commemorate the 50th anniversary of the end of World War II in this manner.

The world is already entering a new age in which threat of a nuclear war is extremely slim after the end of the post-Cold War age. The U.S. Government should never use nuclear weapons. It should also work to prevent the proliferation of nuclear weapons. The U.S. issuance of postal stamps justifying the use of nuclear weapons is in conflict with U.S. policy.

We want to ask the Japanese Government to deal resolutely with this issue. Yohei Kono, deputy prime minister and foreign minister, has stated: "Considering the feelings of the people of Japan, the only country that suffered from atomic bombing, I do not think that the Japanese will have good feelings toward the design of the stamp at all. If necessary, I will convey Japanese feelings to the U.S. side in some manner."

We hope that the Japanese Government will not only seek the understanding of the United States about Japanese feelings, but convey its intention of protesting against issuing the postal stamps to the United States. The Japanese Government should articulate its views and intentions to the United States without taking an ambiguous position. This approach is respected in American society.

Editorial Notes Concern Over U.S. Arms Policy

OW0412090394 Tokyo YOMIURI SHIMBUN in Japanese 3 Dec 94 Morning Edition p 3

[Editorial: "Concern Over U.S. Weapon Export Policy"]

[FBIS Translated Text] The new guidelines for the U.S. Government's arms export policy are now awaiting approval by President Bill Clinton. We cannot help but feel a sense of concern toward the new policy.

Under the existing weapons export policy, the U.S. Government reviews weapon export requests if they meet U.S. security policies and if they contribute to the stability of importing countries.

In addition to those standards, the new guidelines contain a new policy objective—protection of and support for U.S. defense industries.

Now that the end of the Cold War has curtailed arms purchases by U.S. Forces, U.S. defense industries are seeking survival by making the most of foreign markets.

Under the new guidelines, the U.S. Government is going to relax weapons export restrictions to assist defense industries. This policy is drawn up mainly because of strong pressure from the industrial circle, but the government is interested in trade expansion because it secures employment.

The U.S. Government has long backed American weapons exporters; however, this is the first time it clearly defines protection of defense industries as one of the main objectives of the nation's trade policy. Hereafter, U.S. weapons manufacturers are likely to give preference to weapon exports over security concerns under the new guidelines.

An editorial in the NEW YORK TIMES recently said that "The new guideline would sacrifice long-term security for near-sighted economic interests." We consider this to be a sound judgment of the American people.

International arms trade steadily declined after the conclusion of the Cold War. Yet, great amounts of weapons are still entering Asia and the Middle East because major economic powers are trying hard to expand their weapons sales in the regions. The United States is the number one weapons exporting country. It has over a 50 percent share of the international weapons market.

The leading weapons exporter is now going to candidly declare its stance of pursuing economic interests, and this is very likely to heat up competition among other weapons exporting countries. The United States is urging Russia and China to stop supply weapons to Iran, but its opinion is not quite persuasive. This is because of the United States' own attitudes.

U.S., Asia To Cooperate in Controlling Gun Trade
*OW0212044294 Tokyo KYODO in English 0405 GMT
2 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 2 KYODO—Police officials from the United States and several Asian countries, including Japan, pledged at a conference in Tokyo on Friday [2 December] to share more information and create a permanent liaison office in battling gun smuggling networks.

The officials, participating in the three-day international conference on gun control administration that started Wednesday sponsored by the national police agency, also agreed to work to expand international cooperation and develop a joint strategy to prevent the future illegal trade of firearms.

They said the proposed liaison office would enable police to request emergency joint cooperation from police officials of other nations.

In addition to officials of the International Criminal Police Organization (Interpol), police leaders from China, Indonesia, the Philippines, Russia, South Korea and Thailand also joined the meeting.

U.S. Plywood Group Asks Fair Market Share
*OW0512121494 Tokyo KYODO in English 1134 GMT
5 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO—The American Plywood Association asked the city of Nagano and a Japanese consortium on Monday [5 December] to allow U.S. wood products to be used in 50 percent of the construction of a roof of a speed skating rink for the 1998 Nagano Winter Olympic Games.

Charles Barnes, the Japan representative of the association, said, "One way in which the city of Nagano and the Kajima Corp.-led consortium could demonstrate they do truly believe in fair international competition is for them to permit U.S. material to be used in 50 percent of the speed skating rink's roof structure."

At stake is a contract awarded by the Kajima-led project team in November to a Japanese wood consortium for supply of all of the glulam needed for the roof structure of the Olympic rink. The city of Nagano approved the decision.

The U.S. Embassy in Japan and industry officials are protesting what they say is discrimination against U.S. companies seeking to participate in supplying building material—structural laminated timber—for the rink's roof.

U.S. manufacturers proposed supplying fabricated laminated timber at a cost some one-half to one-third that of Japanese larch, Barnes said. He said the U.S. wood is stronger, more readily available and the difference in appearance is negligible.

"Had the procurement process been fair and open and based on quality, price and reliability of supply, there is every reason to believe that U.S. materials would have been selected for the entire order," he said.

A U.S. Embassy official said the decision is a case of discriminatory treatment in a public works project of major international significance. "We do not accept the contention that the decision to use Japanese larch glulam was strictly commercial," the official said.

He said the decision to source only domestic wood runs counter to the spirit and intent of a bilateral agreement in 1990 between Japan and the United States to improve access for value-added wood products.

"The U.S. Government would like to see this decision rectified," he said. He said that U.S. Ambassador to

Japan Walter Mondale has officially requested that the Foreign Ministry discuss the decision with appropriate parties in Nagano, but an answer from the ministry has not yet been received.

"If the decision goes unchanged, this issue will serve as a prime example of the kind of nontransparent trade barrier that limits our ability to attain the primary objective of the 1990 agreement—greater imports of value-added wood products by Japan," the official said.

Barnes said he is also protesting that U.S. manufacturers were earlier informed that foreign wood products might be used for the rink's roof, but were notified later that mainly Japanese larch would be used. He said the notification came after U.S. firms had already put time and effort into the project.

Tokyo To Ask Developing Nations To Consider GII

OW3011112094 Tokyo KYODO in English 1043 GMT 30 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 30 KYODO—Japan will propose that advanced nations give due consideration to developing nations in promoting the U.S.-initiated global information infrastructure (GII) project, government officials said Wednesday [30 November].

The officials at the Posts and Telecommunications Ministry said the proposal will be set forth at a meeting in Brussels Saturday to prepare for a ministerial session of the Group of Seven (G-7) industrialized nations early next year.

Discussions at the meeting will center on the basic principles to promote the project, including setting a target year for completion, the officials said.

Japan will seek consideration toward developing nations in promoting the project and propose joint experiments on a communication network linking public facilities such as libraries and hospitals in the seven nations.

The ministerial meeting on the project will be held in Brussels Feb. 25-26 in accordance with an agreement reached at the G-7 summit in Naples last July.

U.S. Vice President Albert A. Gore Jr. laid down five principles for the project in March, including promotion of private-sector investment and competition but no consideration was given to developing nations, the officials said.

A study is being made by Japan and the European Union on an enhanced principle by taking problems in developing nations into account, they said.

The government has targeted 2010 for completion of the domestic optical fiber communications network.

Foreign Ministry Surveys Yen-Based Loan Projects

OW0212163394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 2 Dec 94 Morning Edition p 7

[FBIS Translated Text] On 1 December, the Foreign Ministry made public the results of a survey on how many foreign firms have won contracts for projects financed by yen-based loans. The survey was conducted of 31 firms that have won contracts for projects of more than 1 billion yen funded by the yen-based loans in five countries, including India, in fiscal 1991-1993. The results of the survey show that of 31 firms, 27 have been purely local firms and four were foreign firms with virtually no Japanese-capitalized firms winning contracts. The Foreign Ministry says: "Though the survey was conducted on a limited number of firms, the results of the survey prove to some extent that projects financed by the yen-based loans are open to foreign firms."

The survey was conducted in India, Indonesia, Thailand, the Philippines and Malaysia in October and November through interviews with the firms.

Some foreign nations have criticized the yen-based loans as an "instrument for helping Japanese companies export their products." In response, the Foreign Ministry refutes the criticism, claiming: "About 70 percent of the contracts for projects funded by the yen-based loans have gone to foreign firms." However, some have pointed out, "A number of Japanese-affiliated firms have been included among the foreign firms." The Foreign Ministry, therefore, has found it necessary to thoroughly survey even the capital relationship of the foreign firms with Japanese firms.

Hashimoto Asked To Stop Yen's Further Surge

OW0512040994 Tokyo KYODO in English 0348 GMT 5 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO—Japan's auto industry asked the government Monday [5 December] to take steps designed to accelerate the emerging economic recovery and to stem the yen's further appreciation against the dollar, government officials said.

Leaders of the Japan Automobile Manufacturers Association made the requests during a breakfast meeting with top officials of the Ministry of International Trade and Industry (MITI), including MITI chief Ryutaro Hashimoto.

Association head Tatsuro Toyoda and other executives told the MITI officials that the auto industry has been making maximum efforts to reinforce its earnings structure so that it will be less affected by currency rate fluctuations. But the recent rise of the yen has been excessive, association leaders were quoted as saying.

They also urged the government to step up stimulus measures, including early formulation of next year's budget, the officials said.

Hashimoto replied that he has "an extremely strong sense of crisis" about possible negative economic effects of the recent yen-dollar exchange levels.

The exchange rates between the two currencies do not reflect the economic fundamentals of Japan and the United States, Hashimoto said, expressing the hope that the monetary authorities will take appropriate measures to correct the situation.

Hashimoto said the auto industry for its part should make efforts to reduce its export ratio as a means of avoiding the negative effects of currency rate fluctuations.

The auto industry also asked the government to hold firm to its avowed principles in trade "framework" talks with the United States.

Japan-U.S. Auto talks have been stalled since Washington's Oct. 1 decision to launch investigations on the auto trade in line with the retaliatory section 301 of a U.S. Trade law.

Japan has urged Washington to observe four preconditions for resuming the trade talks, including the rejection of "numerical targets" and the exclusion of a government role in foreign auto parts purchase plans by Japanese automakers.

Hashimoto said Japan has no intention of compromising on these basic principles. Tokyo is waiting for the U.S. Response on the Japanese-set conditions, the officials quoted Hashimoto as saying.

Other requests made by the auto industry included easing of the tax burden on the industry. Association leaders said auto-related taxes in Japan are very high compared with the U.S. and Europe, the officials said.

Hashimoto replied that he understands the severity of the tax burden and the government should study tax systems affecting the auto industry in a comprehensive manner, the officials said.

Association leaders said the industry plans to create an entity to settle problems or disputes following the enforcement of the product liability law in July next year. Hashimoto expressed hope the planned entity will become a model for other industrial sectors, they said.

Saito Remains 'Cautious' Over Dollar's Rebound

OW0512091994 Tokyo KYODO in English 0910 GMT 5 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO—Vice Finance Minister Jiro Saito remained cautious Monday [5 December] about the current direction of foreign exchange, despite the dollar's rebound to the 100 yen level for the first time in two months in Tokyo dealings.

"We must continue watching for a little longer" before judging whether the yen's fall is a fixed trend, Saito told a press meeting.

The dollar broke the 100 yen level in Tokyo, following overseas markets last Friday, and closed Monday at 100.54 yen, up 0.96 yen from Friday's Tokyo dealings.

The overseas rise stemmed chiefly from the better-than-expected U.S. nonfarm payrolls, dealers said, expecting a further advance in overseas dealings later Monday.

On the reported resignation by U.S. Treasury Secretary Lloyd Bentsen, Saito said he had heard nothing of it.

More Foreigners Reject Corporate Meeting Agenda

OW0212145194 Tokyo KYODO in English 1432 GMT 2 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 2 KYODO—A Tokyo business law study group Friday [2 December] alerted Japanese corporations to the tendency for an increasing number of foreign institutional investors to exercise their right to vote in connection with shareholders' meetings.

The Tokyo-based nonprofit Commercial Law Center said 188 companies reported foreign institutional investors, chiefly U.S. and British, as voting against the agenda proposed last June by companies for the upcoming shareholders' meetings. The figure was more than double the 92 companies registered in the previous year. The center made the disclosure in a 1994 white paper on shareholders' meetings published Friday.

A total of 15 companies reported shareholders as having submitted proposals or shown intent to make proposals in preparation for the upcoming stockholders' meetings. This figure is nearly the same as the 14 recorded in the previous year.

An Osaka investment advisory company made a dividend boost proposal as a shareholder to two companies, including Mitsubishi Rayon Co., garnering a considerable number of favorable votes, although the bids were eventually rejected.

Questionnaires were sent to 2,167 corporations listed on stock exchanges and 1,831 replied, the center said.

Of the respondents, 1,548 or 84.5 percent, reported holders of shares, less than 1 percent of their total number of shares issued, as having voted down their proposed stockholders' meeting agenda.

MOFA Comments on UN Resolution on Enemy Clause

OW3011023194 Tokyo ASAHI SHIMBUN in Japanese 26 Nov 94 Evening Edition p 2

[FBIS Translated Text] The Ministry of Foreign Affairs [MOFA] welcomed the UN adoption of a resolution on deleting the "former enemies clause" from the UN Charter at the 25 November meeting of the UN Sixth Committee, referring to it as "a big step toward resolving

the long-pending issue of deleting the former enemies clause." Regarding the DPRK's (North Korea) reversal of its initial stance of opposing the resolution and its decision to abstain, MOFA surmised that North Korea "apparently feared being isolated from the rest of the international community" (as stated by a MOFA source). The ministry has come to believe that this proves that the international community now generally favors deleting the former enemies clause.

The Japanese Government first referred to the former enemies clause in a speech delivered by (then) Foreign Minister Kiichi Aichi at a UN General Assembly [UNGA] session in 1969. Since then, the government has persistently requested that the clause be deleted from the UN Charter. At the UNGA session last September, Yohei Kono, deputy prime minister and concurrently foreign minister, expressed Japanese hopes for progress in efforts to reform the United Nations, including reorganizing the UN Security Council; at the same time, he stressed the need to delete the above-mentioned clause. Japan was among the countries that jointly submitted the latest resolution on deleting the former enemies clause.

Concerning North Korea's stance, MOFA believes that since the DPRK "is still in a 'state of war' with Japan, it merely upheld its basic stance of continuing to demand wartime compensation" (as stated by a MOFA source). Regarding North Korea's reversal of its initial stance of voting against the resolution to that of abstaining from the vote in the end, some quarters of MOFA have observed that "North Korea arrived at a judgment that persisting to vote against the resolution would cause resentment among the Japanese people and have a negative effect on the resumption of negotiations on normalizing diplomatic relations between the two countries." However, it is considered that how North Korea's move will affect bilateral negotiations in the future "is still uncertain."

Kono on Need To Normalize Relations With DPRK

OW0512113794 Tokyo KYODO in English 1117 GMT 5 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO—Japan ought to weigh up its relations with neighboring countries with an eye to pursuing peace and prosperity in East Asia, Foreign Minister Yohei Kono said Monday [5 December].

"Next year marks the 50th anniversary of the end of World War II... [ellipses as received] and it's time we focused our attention on peace and prosperity in East Asia," he said in a speech to Liberal Democratic Party members at LDP headquarters.

Noting that Asia is one of the most volatile regions in the world, Kono spoke of the need to normalize relations with North Korea.

But he hastened to add that Tokyo sees no reason to speed up normalization negotiations with Pyongyang by departing from its basic foreign policy stance.

Kono, who doubles as deputy prime minister, also said Tokyo will adhere to its position of maintaining diplomatic relations with Beijing while restricting channels with Taipei to nongovernmental ones.

He observed that Japan's relations with the United States and European countries are "basically sound," though there remains some room for improvement.

Kono is president of the LDP, the largest contingent in the tripartite coalition government of Prime Minister Tomiichi Murayama, and is the first LDP chief not to become prime minister since the party's foundation in 1955.

The current coalition comprises the LDP, Murayama's Social Democratic Party [of Japan] and New Party Sakigake [Harbinger].

PRC Asks Tokyo To Dispose of Poison Gas Containers

OW0512130694 Tokyo KYODO in English 1132 GMT 5 Dec 94

[FBIS Transcribed Text] Hiroshima, Dec. 5 KYODO—A Chinese researcher urged the Japanese Government Monday [5 December] to swiftly dispose of the poisonous gas containers left behind in China during World War II.

Bu Ping, vice president of the Academy of Social Sciences in the northeastern Chinese province of Heilongjiang, met reporters after visiting the site of a defunct factory on Okuno Island, Hiroshima Prefecture, where poisonous gas containers were produced.

Three Chinese workers suffered skin abrasions after recovering an abandoned poisonous gas weapon from a river in the province 20 years ago, Bu said.

He met the director of a Museum on Poisonous Gas on Okuno Island and was briefed on the manufacturing process. He also met a local doctor and discussed the health hazards faced by former workers at the factory.

Bu wrote a letter to the museum last year, saying that more than 500 poisonous gas containers are in the province's Sunwu County and some farmers had been injured by them.

Bu arrived in Japan last Wednesday to gather information on the manufacture of the weapons and visited the site of a similar facility in Kitakyushu, Fukuoka Prefecture.

The Chinese Government told the United Nations in February 1992 that 2 million poisonous gas containers had been left behind in China.

The Japanese military had produced 7.46 million poisonous gas containers, according to U.S. military documents.

PRC Development Bank To Receive Training

*OW0512083394 Tokyo KYODO in English 0731 GMT
5 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO—The Japan Development Bank is expected to conclude an agreement before the end of the month to offer its operational know-how to China's new National Development Bank, officials of the government-backed Japanese bank said Monday [5 December].

The Chinese bank was established last April to offer long-term loans to China's electric power, steel and other heavy industries. But most of the 700 newly employed officials at the Chinese bank used to work for investment companies under China's State Planning Commission and few of them have experience in banking, the officials said.

Without aid from foreign experts, the new bank could be saddled with huge problem loans, they said.

The Japanese bank has decided to offer aid to the Chinese bank in response to a request for assistance, made through the World Bank.

Under present plans, the Japanese bank will invite officials of the Chinese bank to attend a special training program in Japan by the summer of 1995 and send a team of experts to China to help prepare a manual for screening loan applications, they said.

Panov Asked for More Efforts on Kuril Dispute

*OW0412112294 Tokyo KYODO in English 1059 GMT
4 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 4 KYODO—Japan called for increased efforts Sunday [4 December] to solve the long-standing territorial row with Russia to coincide with the 50th anniversary of the end of World War II next year, Foreign Ministry officials said.

Japanese Deputy Foreign Minister Hiroshi Fukuda made the call in a meeting with his Russian counterpart Aleksandr Panov. The two met at the Iikura Guesthouse on the conclusion of a bilateral peace treaty and other issues. Panov was quoted as replying that it is important to make progress toward a solution even if pending bilateral problems cannot be solved next year.

"What is important is to take a realistic approach and to implement what is possible now," Panov was quoted as saying.

Fukuda also told Panov that without a resolution of the decades-long territorial row, it would be impossible to overcome the "negative inheritances of the past" that lie between the two countries.

Tokyo and Moscow reconfirmed the Tokyo Declaration during a recent visit to Japan by Russian Deputy Prime Minister Oleg Soskovets, Fukuda told Panov, so the greatest task now is to secure the two sides' commitment to it, according to the officials.

Japan and Russia agreed in the Tokyo Declaration, signed when President Boris Yeltsin visited Japan in October 1993, to seek a solution to the territorial conflict on the basis of principles of "law and justice," while confirming that all pacts and international accords concluded between Japan and the former Soviet Union continue to be applied between Japan and Russia.

The four islands off Japan's northernmost main island of Hokkaido—Etorofu, Shikotan and Kunashiri islands and the Habomai group of islets [Kuril Islands]—were seized by the Soviet Union at the end of World War II. The dispute has prevented Tokyo and Moscow from concluding a peace treaty.

Fukuda urged the Russian side to set the schedule as early as possible for Foreign Minister Andrey Kozyrev's visit to Japan as early as January, noting that it is important for Tokyo and Moscow to discuss the territorial problem and the conclusion of a peace treaty based on the Tokyo Declaration during the visit, the officials said.

Panov replied that Russia will decide on the specific schedule as early as possible and inform Japan about it.

While the Japanese side voiced its readiness to begin full-scale negotiations on fishing rights off the disputed islands, as was agreed upon during Soskovets' visit, the Russian side pointed out that a period of time is necessary to make arrangements within the government before being able to conduct the talks, the officials said.

Turning to international affairs, the Japanese side brushed aside a Russian proposal to hold an international conference to discuss North Korea's nuclear problems, saying it is not the time to open such a conference since the implementation of the U.S.-North Korea accord is important, they said.

Government Postpones Russia's Debt Payments

*OW0212081194 Tokyo KYODO in English 0753 GMT
2 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 2 KYODO—Japan has agreed with Russia to postpone payments of 100 million dollars, a part of the debts owed by the former Soviet Union to the Export-Import Bank of Japan that falls due on Dec. 31, the government said Friday [2 December]. A new deadline for repayment has been set for Sept. 30, 1997. Japan has signed another deferment agreement for 180 million dollars worth of debts with trade insurance, officials said. With this agreement, the total debts that Japan has postponed for Russia in 1994 comes to about 280 million dollars.

Finance Ministry Banking Bureau Under Fire*OW0312014394 Tokyo AERA in Japanese 5 Dec 94 p 19*

[Article by AERA editor Yosuke Iso: "Finance Ministry Banking Bureau Seems To Be Irritated Because of a NIHON KEIZAI SHIMBUN Editorial Run Against It"]

[FBIS Translated Text] "Officials seemed to be very nervous. Although no one referred to the subject, it was obvious that everyone took it to heart very seriously," a reporter assigned to cover the Finance Ministry said when asked about the atmosphere at the Finance Ministry Banking Bureau on 24 November.

On that day, the NIHON KEIZAI SHIMBUN used its entire editorial space to run a long article entitled, "Do We Still Need the Finance Ministry Banking Bureau?" It strongly criticized the Banking Bureau's over-protectiveness toward the Japanese banking industry by denouncing the Banking Bureau's recent attempt to discourage Jonan Shinkin Bank from launching a novel product, a new deposit account with incentive prize money.

Here are some excerpts from the NIHON KEIZAI SHIMBUN editorial:

"With deregulation of Japan's financial industry finally completed, senior Banking Bureau officials do not know what to do now. It seems that they have completely lost confidence in themselves."

"The Tokyo financial market has completely lost substance, because creativity and ingenuity have been inhibited by the Banking Bureau's over-protectiveness."

"The problem is very simple, as there are only two choices: maintain the Banking Bureau as it is and let the financial industry fall into decline, or carry out administrative reform and revive the financial industry."

The Finance Ministry Banking Bureau is, so to speak, the general manager of all financial institutions: it maps out the outline of the Japanese banking system while regulating the entire financial industry, from city banks to loan-sharking businesses. The Finance Ministry Has Always Resisted the Idea of Creating a Financial Agency [subhead]

The NIHON KEIZAI SHIMBUN is said to be Japan's most authoritative economic newspaper. Some economic analysts even ironically call it "the newspaper of Japan, Inc."

The NIHON KEIZAI SHIMBUN launched a campaign denouncing Japanese bureaucracy two years ago. It has carried editorials with such titles as "Sovereignty Resides in the People and Not in the Bureaucracy" or "The Beginning of Japan's Decline." According to the newspaper, its Finance Ministry Banking Bureau editorial is just part of its campaign against Japanese bureaucracy.

"In fact, the Banking Bureau does nothing but protect financial firms and itself, under the pretext of protecting depositors. The Japanese financial market has not only lost substance, it has been completely left behind other international markets, because the Japanese financial industry has been straightjacketed by regulations," Yoichiro Ichioka, NIHON KEIZAI SHIMBUN chief editorial writer, said.

Jonan Shinkin Bank's new deposit account with incentive prize money has already attracted a considerable number of customers. Senior Banking Bureau officials seem to be very embarrassed, as Jonan Shinkin Bank's success means that "Japanese depositors have begun to revolt against the Finance Ministry."

"Although the Banking Bureau has, for many years, been in favor of financial deregulation, liberalization has been carried out at an extremely slow pace. This is because no one wanted to take the risk of plunging the Japanese financial industry into utter confusion and leading some companies into bankruptcy by accelerating the deregulation process. After all, the Banking Bureau could not easily square its conduct with its principles, because it wanted to protect its own interests first. It should also take the blame for having failed to create a Financial Agency," financial journalist Yoshimitsu Kuribayashi said. He is the author of the book, "The Finance Ministry's Banking Bureau."

There have been many attempts to establish a single administrative agency, called the "Financial Agency," by integrating three Finance Ministry bureaus: the Banking, Securities, and International Finance Bureaus. The idea of creating a Financial Agency has never materialized because of strong resistance from the Finance Ministry, which could not tolerate the decentralization of its power and a diminution of its sphere of influence.

"Once the Japanese banking business is completely liberalized, it will be quite normal for the administration to strictly check the nature of new products and services offered by banks. The only problem is that the Finance Ministry does not clearly explain what criteria it uses to judge the propriety of new products and services," a senior city bank official said.

The Banking Bureau Director Takes a Cool Attitude

For instance, city banks are now allowed to participate in securities business. However, the new Finance Ministry Securities Bureau regulation stipulates that city banks will be authorized to engage in securities business, on the condition that they "have enough knowledge and experience in this field." Since city banks were prohibited from running securities business, it is nonsense to ask them to have relevant knowledge and experience.

"The Finance Ministry contradicts itself. It is as if it is asking city banks to bring forth a hen and an egg at the same time," the same senior city bank official said.

Moreover, the Finance Ministry does not allow a city bank subsidiary specializing in securities business to bear a company name that includes the Chinese character for bank, although there is no legal restrictions in Japan concerning company names. The Finance Ministry prohibits the use of the Chinese character for bank under the pretext that securities firms belonging to city bank groups should be freed as much as possible from their parent companies' influence.

Banking Bureau Director Yoshimasa Nishimura, who was openly attacked by NIHON KEIZAI SHIMBUN, takes no account of such criticism.

"I cannot understand why NIHON KEIZAI SHIMBUN ran such an editorial, which does nothing but ridicule the Banking Bureau. It is so absurd that I do not wish to dignify it with a response," Nishimura said.

He also added: "The fact that friction has arisen among financial institutions or the fact that the Banking Bureau has been subjected to criticism proves that financial liberalization is well under way."

Whatever the others say, it seems that he can always interpret people's words as he pleases. This shows the true nature of a high-ranking Finance Ministry official.

Arbitration To Forestall Class Action Suits

952A0182A Tokyo NIKKEI BUSINESS in Japanese 14
Nov 94 p 15

[Unattributed article in Trends column: "Move To Establish Litigation Committees as Measure Against Shareholder Class Action Suits"]

[FBIS Translated Text] Committees' Purpose Is To Provide Objective Evaluation of Wrongful Acts and To Effectively Prevent Proliferation of Law Suits

A movement is underway primarily among private-sector attorney and certified public accountant (CPA) groups calling for establishment of a Japanese version of "litigation committees." The movement seeks establishment of arbitration agencies to intervene between corporations and their directors to evaluate the possible existence of damages and to arrive at estimates of damages from a neutral standpoint in cases such as damages incurred by a corporation because of wrongful acts by company directors. The objective of the committees would be to prevent cases in which wrongful acts are neglected and used as material for shareholder class action suits initiated by *sokaiya* [gangster-affiliated minority shareholders who attempt to extort money from the corporation by threatening to cause trouble at the general stockholders meeting] or citizen movement-affiliated shareholders. The idea is to establish a Japanese version of the "litigation committee" which in the United States performs preliminary hearing functions in advance of shareholder class action suits as a means of preventing the proliferation of law suits.

Preparations Being Made To Launch Committees Next Year

Preparations for the establishment of the committees are being handled by a group led by attorney Takafumi Kobayashi of the Mori Composite Legal Center, with membership to be composed of CPA's and commercial law specialists from the Century Audit Corporation and corporate legal attorneys. Litigation committees are expected to be composed of two attorneys, two CPA's, and one or two members from the academic world. A selection process is currently underway with the view of maintaining committee neutrality by avoiding a situation in which both attorneys and CPA's on the committees are appointed from the same legal or auditing firm. The goal is to make the committees operational by the beginning of 1995.

When a corporate auditor uncovers an oversight or malfeasance by a director, the litigation committee will prepare a detailed estimate of the damages incurred in response to a request from the auditor. Litigation against directors on the part of auditors is rare in Japan, but as auditors are questioned more frequently about their responsibilities in the future, it is expected that cases will increase wherein auditors have no choice but to initiate litigation against directors. The investigations will be conducted on a reimbursable basis and payments will be made by corporations via the auditors.

There are many cases in which directors cause corporations to incur losses owing to oversight in connection with contracts and promissory notes, but it is rare that a firm will seek compensation for damages from the director unless the amount is substantial. However, if the problem is neglected and develops into a shareholder class action suit, the officer could be forced to resign.

However, since arbitration on the part of a private-sector litigation committee is not legally enforceable, the auditor can initiate litigation seeking payment for damages at the stage where the litigation committee recognizes the director's culpability and issues an estimate of damages. Such action can lead to a settlement on the basis of the damages specified by the litigation committee.

Settlement Limited to Parties Concerned Can Lead to Litigation

The academic world is now engulfed in a discussion of the question of whether "a single shareholder can reach a settlement as the representative of all shareholders" relative to settlements of shareholder class action suits, but a mainstream opinion is currently in the making which says that such settlements are possible as a practical matter. As an actual case, it was recently revealed that the shareholder class-action suit concerning Nippon Sunrise which was being argued in the Eighth Civil Division of the Tokyo Higher Court reached an out-of-court settlement on 31 March. The settlement recognized that a former president of the firm borrowed funds

which were considerably disproportionate to the overall revenue of the firm, sustained losses by placing the funds in a discretionary investment account, and was liable for reimbursing the company in the amount of 295.02 million yen.

In those cases where a settlement is reached as the result of so-called collusion between auditors and directors of a company, the validity of the settlement is not recognized. Thus, settlements reached solely between auditors and directors face the risk of being appealed as invalid by shareholders. In that respect, the thinking is that there is no room for questions about the validity of settlements if a litigation committee specifies damages from a neutral perspective.

Corporate directors have feared shareholder class action suits, ever since the passage of revisions to the Business Law in the fall of last year. Once a director is sued, the company cannot directly involve itself in dealing with the litigation and the director must assume personal responsibility for the selection of an attorney as well as the payment of all associated legal fees. A former director of a securities firm who is facing a shareholder class action suit complains, "I have already faced legal expenses in excess of 1 million yen as well as emotional pain."

Prevention of class action suits is an important matter, but in the past, the only countermeasure available to officers was the ability to demand security from shareholders initiating class action suits. However, doing so required substantiation that the plaintiff's suit was based on malicious intent, and it did not have any effect on preventing the proliferation of such litigation.

Corporate attorneys have concerned themselves with the tactic of restraining class action suits via the settlement route, but they have been frustrated in terms of the validity of settlements. The upcoming litigation committees will become the focus of attention as one means of resolving that problem.

Further Reportage on Nuclear Policy Development

Experts Trace, Comment on Policy

*OW0212104094 Tokyo ASAHI SHIMBUN in Japanese
13 Nov 94 Morning Edition p 11*

[Remarks by former members of a study group involved in the compilation of two reports on Japan's Nuclear Policy in 1968 and 1970]

[FBIS Translated Text]

Explaining Why Japan Cannot Be Armed With Nuclear Weapons

Remarks by Hidetake Kakinoha, former deputy chief of the International Nuclear Agency and professor at the Tokyo Institute of Technology (specializing in nuclear chemistry):

At that time, Japan was regarded by overseas observers as capable of arming itself with nuclear weapons without difficulty. However, there is a great difference between brainwork and the actual work of manufacturing. The objective in preparing the report lies in explaining to those overseas observers holding such a view as well as to advocates of nuclear armament at home why Japan could not arm itself with nuclear weapons.

Personally speaking, I am opposed to Japan's nuclear armament, and almost all members of the study group shared my view. I think since nuclear armament involves enormous financial costs, financial authorities were not interested at all.

The report was the first outcome of an objective study of the possibility of Japanese nuclear armament, and I think it affected Japan's nuclear policy later on. I pride myself in its achievement, which will never come to the surface.

No Government Intervention Remarks by Michio Royama, professor at Sophia University and then director of the Research Office of the International Culture Hall (specializing in international politics):

I do not remember where the request for this study originated. However, the details were similar to the following: "An objective study of Japan's nuclear policy should be made. It will do to merely put down what you have in mind." Neither the government nor the Cabinet Research Office [CRO] has ever intervened.

It is not because of regulations stipulated in its Constitution that Japan did not try to arm itself with nuclear weapons or possess heavy armaments. If an attempt should be made to change the Constitution, it could succeed. The report tries to make clear why Japan cannot and needs not arm itself with nuclear weapons. The nuclear deterrent strategy may work in a country with an extensive territory, but Japan can be wiped out in a single attack. Even if a nuclear weapon should be manufactured, there was no location for conducting tests. And if Japan should come to possess such weapons, it would be regarded as enemy by the whole world. Basically speaking, I don't think things have changed since the report was compiled.

Mr. Sato Attached Importance to the Return of Okinawa

Remarks by Minoru Kusuda, former managing director of the Japan Foundation and then chief secretary to Prime Minister Eisaku Sato:

I think I may have read the report, but I cannot remember it well. The three non-nuclear principles [of not introducing, producing, or possessing nuclear arms] has become the crux of post-war Japan's nuclear policy. As far as the CRO was concerned, however, it must have decided that it would be necessary to have some sort of scholastic endorsement.

When Mr. Sato set forth the idea of the three non-nuclear principles, no consensus was reached within the government or the Liberal Democratic Party at that time, and the Foreign Ministry was not enthusiastic about it either. The decision was made by Mr. Sato in his capacity as a politician.

The major political target of the Sato cabinet was to demand the return of Okinawa. In this connection, it was necessary to take the U.S.'s intentions into full consideration. If Japan had indicated the idea of arming itself with nuclear weapons, Okinawa would not have been returned. Mr. Sato had high expectations of abolishing nuclear arms, and he was the first prime minister to attend the peace commemorating ceremony held in Hiroshima.

Study Originally Suggested by CRO

Remarks by Tamio Shigaki, president of the Chiyoda Property Administrative Co., and former CRO official in charge of research work:

The study was started on the basis of a CRO proposal, not instructions from politicians. Members of the study group were selected on the basis of our judgement. Funds for research work were provided in the budget as consignment fees to the Democracy Study Society, an extragovernmental organization.

At that time, the argument over nuclear armament was not strong enough to form a political force in Japan. On the contrary, since it had been frequently mentioned overseas that "Japan is capable of developing nuclear weapons," it was necessary to set forth our ideas in a solid way for the purpose of winning the understanding of international public opinion that Japan had no intention of nuclear armament.

When the report was completed, a summary as well as the text were submitted to secretaries at the prime minister's official residence, the chief and deputy chief cabinet secretaries, as well as senior officials of various ministries and agencies. It seemed that Prime Minister Sato had made a thorough study of nuclear policy.

Chronology of Major Developments

*OW0212060394 Tokyo ASAHI SHIMBUN in Japanese
14 Nov 94 Morning Edition p 11*

[Chronology of major nuclear policy-related developments in Japan—supplied as information to help readers better understand the main report in ref 1]

[FBIS Translated Text]

Track of Japan's Nuclear Policies

April 1954—The Science Council of Japan declares rejection of studies on nuclear weapons, and announces "three principles on conducting studies on nuclear energy," which require the studies to be open, democratic, and autonomous.

July 1954—The Defense Agency is established, and the Self-Defense Forces are activated.

March 1955—Prime Minister Hatoyama makes remarks admitting the intention of allowing nuclear arms to be brought into Japan. The Diet issues its view that, under the Constitution, the country cannot possess, use, or store nuclear arms.

October 1956—The International Atomic Energy Agency (IAEA) adopts a charter; Japan becomes a signatory.

December 1956—Japan joins the United Nations.

May 1957—In testimony before an upper house committee, Prime Minister Kishi says the country can own minimum nuclear arms for self-defense purposes under the Constitution, but adds government policy is not to have nuclear arms.

August 1957—Japan's first nuclear reactor, JRR-1, reaches critical point, thus becoming operational.

June 1958—Japan-U.S. Atomic Energy Treaty signed.

June 1960—New Japan-U.S. Security Pact goes into effect.

August 1963—Japan signs the accord on a partial ban on nuclear tests in capital cities of the United States, the USSR, and the United Kingdom.

December 1967—At the lower house budget committee, Prime Minister Sato announces the three nonnuclear arms principles of "not producing, not possessing, and not allowing them to be brought into the country."

July 1968—Nuclear Nonproliferation Treaty (NPT) is signed in the U.S., UK, and USSR capitals; 62 countries join the treaty (to become effective March 1970).

November 1969—The United States agrees to return Okinawa to Japan after making it "as free of nuclear arms as the main island is."

February 1970—Japan signs the NPT (ratified in June 1976).

May 1972—Okinawa reverts to Japan's administration.

September 1974—Ralloek [name as published], a retired U.S. Navy officer, testifying before a U.S. Congress subcommittee hearing, says nuclear-armed U.S. vessels, when making port calls in Japan, do not remove nuclear arms before they enter the ports.

May 1981—Former U.S. Ambassador to Japan Reischauer says a verbal understanding exists on nuclear arms-carrying U.S. vessels making port calls in Japan.

October 1985—Construction of fast-breeder nuclear reactor "Monju" starts.

June 1994—The government presents to the International Court of Justice a statement saying the use of

nuclear arms "does not conform to the humanitarian spirit on which the ideological basis of international law stands." However, it retains the government view that the use of nuclear arms "does not constitute a violation of the positive international law [jittei kokusaiho]."

Prime Minister Hata says "Japan has capabilities to produce nuclear arms—in all aspects in terms of science and technology and economy."

Article Analyzes Policy Reports

*OW0212064694 Tokyo ASAHI SHIMBUN in Japanese
13 Nov 94 Morning Edition p 11*

[By editor Ko Odagawa, political reporter Kazunori Minehisa, and international news reporter Shigeji Kitajima]

[FBIS Translated Text] The two reports entitled, "Basic Research on Japan's Nuclear Policy," recently obtained by ASAHI SHIMBUN represent the results of two years of group research on a wide range of subjects from the method of manufacturing nuclear weapons to an analysis of the strategic and diplomatic aspects. While certain portions of the reports are incompatible with post-Cold War realities, the reports, as the first-ever collation of expertise from various fields of specialization, were certainly a major guideline for Japan's nuclear energy and security policy at its inception.

The joint research project participants were: Hidetake Kakinohana, professor at Tokyo Institute of Technology [TIT] (former assistant director general of the International Atomic Energy Agency); Yonosuke Nagai, TIT professor (currently Aoyama Gakuin University professor); Michio Royama, director of International House of Japan, Inc. Research Office (currently Sophia University professor); and the late Hisashi Maeda, who was a professor at Sophia University.

The researchers held a study session each month from early summer 1967. In the summer of 1968, they held a seminar in Karuizawa [Nagano Prefecture]. Based on the seminar discussions, they compiled the first report (72 pages) on technical and organizational aspects.

Study sessions continued until autumn of 1969. In January 1970, Royama wrote the second report (32 pages), containing an analysis of the strategic and diplomatic aspects. About 200 copies of each report were printed.

A Cabinet Information Research Office [CIRO] official, who was involved in the project, recalls that "some of them were even concerned that if their participation in the project became public, it would undermine their reputation as scholars." He says that when reservations were made for rooms for the regular study sessions, the CIRO name was never used. Every precaution was taken to maintain secrecy.

Shigeo Natsumura, who had once served in the Imperial Navy and was then Defense Agency [DA] counselor in charge of technical affairs, says: "During internal discussions in the DA at that time, some people in the Maritime Staff Office advocated nuclear armament. When confronted with the question of how to deal with the Soviet threat, the conclusion was Japan needed to have nuclear arms. Theoretically, I could not argue back."

An anonymous report entitled, "On Japan's Independent Defense and Its Potentials," was taken to task at the House of Councillors Audit Committee on 30 March 1981. This report was compiled around 1968. The paper stated that if Japan were to acquire nuclear arms, SLBMs (submarine-launched ballistic missiles) would be most suitable.

This was also when Japan was first named a country with the potential for nuclear armament. In a report submitted to Congress in July 1968, the U.S. Atomic Energy Commission cited seven countries, including Japan, as "capable of manufacturing a substantial number of highly sophisticated nuclear weapons and their transport systems without help from other countries in the next 5-10 years."

At that time, there was an ongoing debate in Japan on whether or not to sign the Nuclear Nonproliferation Treaty (NPT). Tokai University Professor Kumao Kaneko, who was in charge of NPT at the Foreign Ministry at that time, says: "There were people in the Foreign Ministry that thought (nuclear weapons) should remain an option. A document was drawn up in the ministry saying nuclear weapons should not be condemned outright, and that the advantages and disadvantages should be calculated level-headedly."

The first report pointed out the following technical problems: 1) Japan did not have the technology to enrich uranium, which is needed for the manufacture of nuclear bombs; 2) it did not have the technology to extract and reprocess plutonium; and 3) it needed another eight years for its inertial guidance system, which directs the warhead to its target, to become operational. However, these problems have almost all been solved today.

For example, the Power Reactor and Nuclear Fuel Development Corporation [PRNFDC] started operating a pilot plant to enrich uranium in Ningyo-Toge, Okayama Prefecture, in 1979. The enrichment technology was handed down to the Japan Nuclear Fuel Corporation commercial plant in Rokkasho-mura [Aomori Prefecture], which started operations in March 1992. The centrifuge separation method is used in enrichment and Japan's technology is said to be at the world's highest level.

With regard to reprocessing used fuel, PRNFDC started building a reprocessing plant in Tokai-mura, Ibaraki Prefecture, in 1971. In 1977, it succeeded, for the first time, in extracting plutonium. A recycling equipment

test facility (RETF) is scheduled to be built at the reprocessing plant in FY 94. This plan is under fire from antinuclear groups because the facility will develop technology to manufacture high purity plutonium-329, which is considered a military commodity.

Furthermore, the National Space Development Agency launched the H-1 rocket equipped with a Japanese-developed inertial guidance system in August 1986.

Today, after the technical obstacles have been overcome one after the other, the reports may, ironically, prove that Japan has the capability to develop nuclear arms. Without a theoretical restructuring based on current viewpoints, the reports are not sufficient evidence that Japan will not engage in nuclear armament.

Tokyo To Use TRU To Stop Nuclear Proliferation

OW0212010094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Nov 94 Morning Edition p 17

[FBIS Translated Text] The Atomic Energy Commission [AEC] (chaired by Makiko Tanaka, director general of the Science and Technology Agency) has decided to use transuranium (TRU), a substance in spent nuclear fuel that is heavier than uranium, as fuel for fast breeder reactors. It will soon begin studying concrete measures. The commission is to develop technology to combine plutonium and TRU to produce mixed fuel so that the diversion of plutonium for the production of nuclear weapons will be prevented, and Japan will be able to show the world its efforts to prevent nuclear proliferation and promote the peaceful use of plutonium. Such technology will also be effective in removing TRU from high-level radioactive wastes to make easier the final disposal of such wastes, which has constituted the greatest stumbling block to the promotion of nuclear energy utilization in Japan. The AEC plans to set up a special committee before the end of December to draw up a new nuclear fuel recycling blueprint in accordance with the government's long-term nuclear energy development and utilization plan, which calls for "not possessing excess plutonium."

Spent fuel obtained at nuclear power plants include such TRU elements as neptium, americium, and curium. These elements could be used as nuclear fuel. So far, TRU has been stored or disposed of as high-level radioactive wastes after being separated from uranium and plutonium and combined with other substances at a reprocessing plant. The AEC's TRU usage plan will change the handling of the substance. TRU's radioactive level is high, and it takes more than 10,000 years for the level to decrease to half (the period needed to decrease radioactive level to half is called a half-life period). However, TRU changes to a radioactive element with a shorter half-life period if it is burned in a fast breeder reactor.

To draw up a new fuel recycling plan, the AEC will set up a "special committee on nuclear fuel recycling" before

the end of December. It will then dissolve the existing "special committee on development of fast breeder reactors" to form two subcommittees on "recycling technology" and "research and development of fast breeder reactors" under the new committee, which will be headed by Mamoru Akiyama, a Tokyo University professor of technology.

The new committee will discuss measures to develop technology to produce TRU-plutonium mixed fuel for an experimental fast breeder reactor, whose construction will start in the beginning of the 2000's. It is difficult to extract plutonium, a substance needed to produce atomic bombs, from mixed fuel. Thus, by developing mixed fuel, the government aims to eliminate the possibility of plutonium being used for the production of nuclear weapons, and to show other countries its peaceful use of nuclear energy.

Also, technology to remove TRU, whose half life is long, from high-level radioactive wastes will make easier the final disposal of such wastes, which has been the greatest stumbling block to the promotion of nuclear energy utilization in Japan.

To establish a system of promoting comprehensive research and development, the AEC will draw up plans in a year or two for developing technologies to produce mixed fuel and reprocess spent fuel, and for designing an experimental fast breeder reactor.

Diet Approves Extension for WTO, A-Bomb Votes

OW0212145094 Tokyo KYODO in English 1440 GMT 2 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 2 KYODO—The House of Representatives voted Friday [2 December] evening to extend the current Diet session by six days to Dec. 9 in order to pass legislation in support of a new global trade group and relief measures for atomic-bomb victims despite a strong opposition demand for a longer extension.

The lower house vote came after the ruling coalition asked lower house Speaker Takako Doi and House of Councillors President Bunbei Hara to limit the proposed extension of the current Diet session beyond the scheduled Saturday closure to six days.

The upper house also approved the six-day extension.

The three-way coalition groups Prime Minister Tomiichi Murayama's Social Democratic Party, the Liberal Democratic Party and New Party Sakigake [Harbinger].

The noncommunist opposition camp led by the intraparlimentary union "Kaikaku" (Renovation) had demanded an extension of around 10 days.

The extension is aimed at allowing enough time for the coalition to push through the upper house bills to ratify a treaty to replace the General Agreement on Tariffs and Trade (GATT) with a new World Trade Organization

(Wto) and to compensate victims of the aftereffects of the 1945 atomic bombings of Hiroshima and Nagasaki, coalition sources said.

The lower house passed both bills Friday afternoon.

The coalition plans to push the bill to approve the WTO pact through the upper chamber Dec. 8 and the A-bomb redress bill Dec. 9, the final day of the extended Diet session, they said.

The coalition set the Dec. 8 deadline since would-be participants in the WTO will convene in Geneva on that day to check on the progress of their respective efforts to secure parliamentary approval of the treaty, which was concluded earlier through intergovernmental talks, they said.

Lower House Passes Bill To Aid A-Bomb Victims

OW0212053694 Tokyo KYODO in English 0519 GMT 2 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 2 KYODO—The House of Representatives on Friday [2 December] passed a bill at a plenary session aimed at paying 100,000 yen to the families of people killed in the 1945 atomic bombings in Hiroshima and Nagasaki.

The lower house sent the bill to the House of Councilors.

The bill would give government bonds worth 100,000 yen to the families of each of those who died before March 31, 1969 if the family members themselves are survivors of the bombings.

Under current law, 149,000 yen has been paid as funeral fees for families of bomb victims who died since 1969.

The three ruling coalition parties—the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake—plus the opposition Japanese Communist Party supported the bill.

The government-proposed bill said in its preamble that “the government will take the responsibility” for carrying out comprehensive measures to support A-bomb victims in view of “the special nature of damage to their health.”

The bill said such bonds would be given as “special funeral money” to the families of those killed in the bombings who themselves are also A-bomb victims.

Victims’ groups have been calling for a bill to realize government compensation for their suffering.

An estimated 240,000 to 280,000 people will receive a total of more than 20 billion yen, officials said.

Administrative Reform Committee Members Named

OW0212061894 Tokyo KYODO in English 0541 GMT 2 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 2 KYODO—The cabinet Friday [2 December] approved the nomination

of five people to its Administrative Reform Committee, a new task force charged with implementing administrative reform, officials said.

Following the approval of the membership by the current Diet session, Prime Minister Tomiichi Murayama will officially appoint the five to the committee, which is due to begin work within the current year.

Yotaro Iida, chairman of Mitsubishi Heavy Industries Ltd., will head the committee. He is a former vice chairman of the Federation of Economic Organizations (Keidanren).

The other members are Morishige Goto, chairman of the All Japan Prefectural and Municipal Workers Union, economics writer and critic Naoki Tanaka, journalist and critic Eiko Oya, and Ichio Takenaka, an adviser to the Research Institute on the National Economy.

In a move designed to appease New Party Sakigake, one of the three ruling coalition parties, Takenaka will also serve as head of the committee’s secretariat.

The committee will focus its attention on the relaxation of regulations, but will also advise the prime minister on freedom of information legislation expected to be enacted within the next two years.

A decision on the committee’s membership was delayed after New Party Sakigake insisted on having a private citizen rather than a bureaucrat head the committee’s secretariat.

Commentator Discusses Administrative Reform

OW0512131494 Tokyo SANKEI SHIMBUN in Japanese 29 Nov 94 Morning Edition p 13

[Article by Political Commentator Taro Yayama: “The Liberal Democratic Party (LDP) and the Social Democratic Party of Japan (SDPJ) Cannot Abolish Special Corporations”]

[FBIS Translated Text]

The Situation in Financial Circles Is Symbolic

When the Management and Coordination Agency requested that each ministry submit a voluntary report concerning the reconsideration or abolition of special corporations, no report of abolition was submitted “as to be expected.”

Since Doko’s Ad Hoc Commission on Administrative Reform was established in 1981, administrative reform had been conducted for 12 years by the First to Third Administrative Reform Councils. The only noticeable achievement, however, was the privatization of three public corporations. The bureaucrats have successfully defended their position despite 12 years’ sound thrashing inflicted on them.

As special corporations are apt to become an easy target, they are always the object of bitter criticism; but the true

nature of the problem lies deeper. Numerous bureaucrats transfer not only to special corporations, but also to nonprofit foundations, private enterprises, and local governments. The resultant phenomena are the nationalization of private businesses, as well as the strengthening of centralization. The financial circles may be most symbolic of these phenomena. The top position of one bank out of three is occupied by a man appointed upon recommendation from high quarters. The reason interest rate competition never starts despite the much-publicized liberalization of interest rates is that former bureaucrats who now occupy a top position cannot break from the convention in the age of the convoy system. Jonan Shinkin Bank, which is a semiprivate bank, has offered time deposits with prize money and won the applause of the common people. The Finance Ministry and the National Association of Shinkin Banks tried to make the Jonan Shinkin Bank withdraw the offer, which shows the actual situation of the nationalization of private businesses.

The Ad Hoc Commission on Administrative Reform and the Administrative Reform Council have consistently upheld the following doctrines: (1) Public businesses should strictly adhere to supplementary work for private businesses; (2) special corporations or systems that have outlived their usefulness should be abolished. There are many organizations which fall under these two provisions. It is evident that postal deposits, which have come to account for 30 percent of individual deposits, are now oppressing private businesses. The United States and Canada, judging that they needed only private businesses, abolished government banks in the 1960's; Holland, too, has privatized postal savings banks; Germany and Italy have also decided to abolish postal savings banks.

There is no doubt that the unified importation [as published] of raw silk to protect silk-raising farmers has outlived its usefulness. The number of silk-raising farmers, which once numbered nearly 300,000 families, has already fallen below 20,000 this year. Silk-raising families will be extinct in three years. The whole silk industry is on the verge of bankruptcy because of the unified importation system to protect the families. If the silk industry goes bankrupt, no country will buy Japanese silk, which is four times the international price. Once Italy faced a similar situation. They ventured into the privatization of raw silk, giving up silk raising, and they have once again developed the silk industry. The Japan Raw Silk and Sugar Price Stabilization Agency no longer has a reason for existence.

The legally fixed number of officials for the Ministry of Home Affairs is 400, but every year the ministry employs twenty-odd high-ranking officials whose promotion is guaranteed due to their success in a particular government official examination. The legally fixed number of officials for the Finance Ministry is 22,400, but the number of high-ranking officials employed by the ministry is the same as those employed by the Ministry of

Home Affairs. This shows how large the number of high-ranking officials employed by the Ministry of Home Affairs is. The reason that the ministry employs numerous high-ranking officials is that it sends them to local governments one by one. Important positions of local governments, such as governor, vice governor, and chief of the general affairs department, are almost wholly occupied by 200 bureaucrats from the Ministry of Home Affairs. The Ministry of Home Affairs is managing local autonomy by itself as if it were the Ministry of Home Affairs in prewar days. The ministry is flagrantly going against the stream of decentralized power.

The domination of the bureaucracy is such that it has come to hinder the development of Japan. If we closely examine systems or special corporations like public corporations which were necessary not only for the increase of production and for the promotion of industry during or after the war, but also for postwar recovery, but which outlived their usefulness, there will be no end to it. Although a large-scale retail stores bill was enacted into law to protect shopping districts, it now hinders the simplification of distribution and places consumers at a disadvantage. The road construction system, which is operated by the Japan Highway Public Corporation through loans (the pooling system), has reached the limit. Future roads in depopulated areas cannot be maintained and managed by tolls alone. Due to the adjustment of limits in the costs of service, the cost of transportation from Tokyo to Osaka is higher than that from the Middle East to Tokyo. This is a case in which economic regulation has raised physical distribution costs.

The reason that such special corporations and systems which outlived their usefulness twenty years ago still remain is that the bureaucrats want to guard their sphere of influence and, at the same time, the politicians are getting votes and money from them.

The Structure of Collusion Between Politicians, Bureaucrats, and Businesses In the last days of the Third Administrative Reform Council, headed by the late Eiji Suzuki, the council, with a view to reexamining 34 special corporations, asked each ministry's opinion on the matter. Each ministry, however, declined the council's request. It is clearly a case of disobedience for each ministry to decline the request of the advisory council to the prime minister. I was greatly astonished at the haughtiness of the bureaucrats, and they, too, may have thought that they had acted unwisely. Immediately after that, each division of the LDP's Policy Research Council was made to issue a resolution "supporting the refusal of the X ministry to give its opinion." Ryutaro Hashimoto [the incumbent minister of the International Trade and Industry Ministry] took a lead in this matter. He is really a boss-like being among "zokuglin" [legislators who have close ties with certain ministries, agencies, and businesses.] He intimidated Chairman Eiji Suzuki by saying, "Are you going to wreck the LDP?" Every existing system has furnished a good footing for the LDP. Because of the existence of such systems, the businesses gain profits, and "zokuglin" engage in secret maneuvers to protect the interests of the businesses. This is none other than the collusive structure of the politicians, bureaucrats, and the businesses. We cannot expect the LDP-SDPJ administration to carry out administrative reform.

There are two ways to destroy this collusive structure. One is the advent of a political party which represents the interests of consumers and ordinary people. Under the existing multiseat constituency system, a candidate could win his election if he obtained 50,000 to 60,000 votes through consolidating various businesses. Under the single-seat constituency system, however, he cannot win unless he obtains 100,000 to 150,000 votes. A political party which makes an appeal to ordinary people will win.

The other is a drastic change in the personnel affairs of bureaucrats. The appointment of bureaucrats should be made in lumps by each ministry, and lifetime employment should be guaranteed for them. It is necessary to drastically change the current personnel management system. Under that system, when an official becomes administrative vice minister, other officials who were appointed in the same year as he have to leave the ministry concerned.

Government, Coalition To Discuss Special Tax

OW0212131294 Tokyo KYODO in English 1130 GMT 2 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 2 KYODO—The government and the ruling parties are set to drastically reform special tax treatments with the fiscal 1995 tax revision in a bid to win public support for the planned consumption tax hike, government officials said Friday [2 December].

The Finance Ministry and the Home Affairs Ministry have already presented their proposals on revising special treatments to related ministries and agencies, the officials said.

Based on the proposals and ministerial negotiations, two separate tax forums for the government and the three ruling parties will compile their reports in mid-December.

The proposals reportedly call for the termination or reduction of some 50 items among about 80 existing special corporate tax treatments.

The 50 items include investment-stimulating tax breaks and lighter tax rates on fixed assets at public corporations.

Such special treatments are seen as a major area of unfairness in the tax system, and the government and ruling parties have promised to rectify such inequities in the system before implementing an already-enacted consumption tax hike in 1997.

On the political side, however, Liberal Democratic Party legislators close to business groups and the International Trade and Industry Ministry are putting up strong objections to the proposals, especially as they affect measures supporting the economy, suggesting a tough decision awaiting the tax reform project team of the ruling parties.

But the government's advisory tax panel is inclined to accept the proposals by the two ministries.

"They are mostly alright," Kan Kato, chairman of the Tax Commission, told reporters after deciding at a Friday meeting to focus on special tax treatments for the fiscal 1995 revision. But he added special measures on personal taxes must also be discussed for revision, including lighter taxes on home purchases.

At the Friday meeting, Kato said his panel decided on six conditions for checking special treatments, such as economic policy effectiveness and fair benefits.

A task force established for intensive discussions on the issue is set for its first meeting next Tuesday, Kato said.

Meanwhile, both tax forums intend to set aside another key issue of asset taxes for further discussions under a comprehensive, medium-term revision, the officials said. But with strong pressure for easing the land-value tax still prevailing, they may hammer out a partial relaxation, including a lower tax rate.

Kato said his panel may take some measures on the land-value tax "if it is found to be causing the hollowing out" of Japanese industry.

As for the securities transactions tax, the forums are likely to keep it intact as the financial industry is withdrawing its demand for abolishment, the officials said.

The financial industry has been insisting that the tax is contributing to the hollowing out of the Japanese

market, but this argument has instead increased pressure for lowering or eliminating high commissions, the officials said.

At the Friday meeting, the government decided to tackle corporate taxes and a taxpayer numbering system as "medium-term" issues, Kato said.

Komeito Closes 30-Year History To Join New Party

OW0512032994 Tokyo KYODO in English 0312 GMT 5 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO—Komeito, one of the main opposition parties, closed its 30-year-old history Monday [5 December], splitting itself into two blocs, one of which will join a new grand opposition party to be launched Saturday. The party's 34th and last extraordinary convention approved the split.

One of the two blocs, Komeishinto, comprises 52 members in the House of Representatives and 12 House of Councillors members whose seats will be up for grabs in next year's upper house polls.

Komeishinto will join Shinshinto (New Frontier Party) made up of most of the opposition forces except the Japanese Communist Party.

The other bloc, Komei, groups 12 upper house members whose seats will not be challenged until the 1998 elections, and some 3,200 local assembly members.

Komeishinto will automatically disband when its members join Shinshinto and Komei will eventually be absorbed by the new party, party officials said. The two new parties will hold their inauguration meetings Monday afternoon respectively, party officials said.

Komeito Chairman Koshiro Ishida addressed the convention and looked back on the history of the party. He said the party was launched to stamp out corruption, to prevent pollution and to expand welfare under the banner of humanitarianism and middle-of-the-road politics. Komeito was founded in 1964, backed by the lay Buddhist organization Soka Gakkai.

It stayed in opposition until it helped launch a coalition cabinet led by former Prime Minister Morihiro Hosokawa in August 1993 after the Liberal Democratic Party (LDP) lost its 38-year-long grip on power. Komeito was also a component of the coalition of Hosokawa's successor, former Prime Minister Tsutomu Hata.

Shinshinto will include Komeito's three former coalition allies—Hata's Shinseitō, Hosokawa's Japan New Party and the Democratic Socialist Party. The three parties will formally disband Friday.

The current tripartite ruling coalition of the LDP, the Social Democratic Party (SDP) [Social Democratic Party of Japan-SDPJ] of Prime Minister Tomiichi

Murayama, and New Party Sakigake wrested power from the Hata coalition in late June. Shinshinto aims to reverse that defeat.

Aide Calls For Kaifu-Ozawa Duo To Lead Shinshinto

OW0512094094 Tokyo KYODO in English 0909 GMT 5 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 5 KYODO—A senior opposition politician said Monday [5 December] former Prime Minister Toshiki Kaifu should lead a planned unified opposition party together with Ichiro Ozawa as secretary general.

"The Kaifu-Ozawa duo started the debate on political reform," Keisuke Nakanishi, a key election campaign strategist of the soon-to-be launched Shinshinto (New Frontier Party), said at a press luncheon meeting at the Foreign Correspondents' Club of Japan.

He said the pair is most suitable to form the core of the leadership of Shinshinto, which is set to be inaugurated on Saturday marshaling major noncommunist opposition forces into a single bloc.

When Kaifu was prime minister under the Liberal Democratic Party (LDP), Ozawa wielded enormous political clout as LDP secretary general. Kaifu initiated a drive to revamp Japan's scandal-breeding electoral system but could not see through political reform he envisioned.

Kaifu and Ozawa have since bolted the LDP, now the biggest contingent of the tripartite coalition government of Prime Minister Tomiichi Murayama.

Nakanishi, a close aide to Ozawa, praised his boss as the only person to take up the pivotal post of secretary general of Shinshinto, which is poised to challenge the tripartite coalition.

He also expressed hope that Shinshinto can cooperate closely with a group of legislators of Murayama's Social Democratic Party (SDP) [of Japan—SDPJ] if they secede from their party and form a fresh political party.

Predicting the SDP cannot survive under a new electoral system for House of Representatives elections, Nakanishi urged a mass exodus of SDP legislators and formation of a new party.

The winner-take-all nature of the fresh electoral system, which combines single-seat voting districts with proportional representation, favors big parties.

It is thought that general elections through the new method will effectively be a battle between the two largest forces—the LDP and Shinshinto.

Hata 'Not Yet Decided' on Presidency Bid

OW0412122294 Tokyo KYODO in English 1141 GMT 4 Dec 94

[FBIS Transcribed Text] Nagano, Japan, Dec. 4 KYODO—Former prime minister and Shinseitō [Japan

Renewal Party] head Tsutomu Hata said Sunday [4 December] he has not yet decided if he will run in the election for the presidency of the new opposition party Shinshintō (New Frontier Party) to be formed Saturday.

"It is entirely a clean slate," Hata told a press conference in Nagano, central Japan, to a question about the possibility of declaring his candidacy for the presidential election Thursday by a preparatory general meeting of the new party.

"As I am still the head of Shinseitō, I cannot decide the matter on my own," Hata said. "I will discuss it with my party's comrades (first) before taking any action."

Hata told a party of Shinseitō's Nagano branch that he will begin consulting with other party members on the issue on Monday.

Hata, whose two-month cabinet was overthrown by the present three-party coalition government in June, suggested Saturday, however, that he will not run in the election for the Shinshintō presidency.

He told reporters then in Fukuoka, western Japan, that he just wanted to "promote the aims" of the new party.

It has been a growing certainty that another former Premier Toshiki Kaifu will head Shinshintō with Ichiro Ozawa, Hata's long-time ally, as secretary general.

Kaifu, appearing on a TV program Sunday, signaled his readiness to declare his candidacy for the party presidential election.

Shinshintō brings together all the major opposition parties, including Shinseitō but excluding the Japanese Communist Party, in a bid to compete with the ruling coalition of the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake [Harbinger].

The preparatory committee for Shinshintō will accept candidates for party president and secretary general Wednesday. A vote will take place the following day if there are two or more candidates.

Five Members To Quit SDPJ To Promote New Party

OW0512003994 Tokyo KYODO in English 0007 GMT 5 Dec 94

[FBIS Transcribed Text] Kobe, Dec. 5 KYODO—Five parliament members of the Social Democratic Party (SDP) [Social Democratic Party of Japan-SDPJ] will soon leave the party to promote a move to form a new party sought by a group in the SDP, the party's local chapter said Monday [5 December].

Four House of Representatives legislators and one in the House of Councillors on Sunday met with officials of the party's local headquarters in Hyogo Prefecture and reached the decision to quit the party to pursue their quest to launch the new party.

The five SDP lawmakers hailing from the prefecture will announce their departure from the party by Saturday, when most opposition forces will formally launch a new grand alliance to be called Shinshintō or New Frontier Party, the officials said.

A group called the New Democratic League, the largest internal faction in the SDP and headed by former party leader Sadao Yamahana, is planning to form a new party rallying "democrats and liberals," to replace the SDP in January.

The SDP's No. 2 man, Wataru Kubo, has also advocated changing the party into a new force to cope with moves to promote political realignment.

The SDP, one of the three ruling coalition parties along with the Liberal Democratic Party and New Party Sakigake, is set to call a national meeting of its local deputies on Dec. 18 to discuss a proposal to transfer its legislators to the new party.

Supporters of party leader and Prime Minister Tomiichi Murayama, however, are less eager to promote the idea. Murayama and Kubo have agreed to avoid a split in the party.

Further on Resigning Members

OW0512032894 Tokyo KYODO in English 0308 GMT 5 Dec 94

[FBIS Transcribed Text] Kobe, Dec. 5 KYODO—Five parliament members of the Social Democratic Party (SDP) [Social Democratic Party of Japan-SDPJ] have agreed to leave the party in a joint move to reverse the lagging momentum in the SDP toward forming a new liberal party, a party chapter said Monday [5 December].

They are House of Representatives legislators Ryuichi Doi, Takanobu Nagai, Shigeru Goto and Kenji Yoshioka, and House of Councillors member Shoji Motooka.

The five met with officials of the party's headquarters in Hyogo Prefecture on Sunday and confirmed their decision to quit the SDP to pursue their quest to launch the new party, chapter officials said.

The SDP, headed by Prime Minister Tomiichi Murayama, is one of the three ruling coalition parties along with the Liberal Democratic Party and New Party Sakigake.

The five SDP lawmakers, all members of the New Democratic League, an intra-SDP group headed by former party leader Sadao Yamahana, are concerned that moves to create the new party could stall over the dragging debates over the issue.

"If we continue to sit back and wait, the new party plan will be killed. We've got to serve as a catalyst," one of the five legislators reportedly said.

The five SDP lawmakers hailing from the prefecture will announce their departure from the party by Saturday, when most opposition forces will formally launch a new grand alliance to be called Shinshintō or New Frontier Party, the officials said.

"The current course will lead to the domination of two conservative parties. We have agreed to start actions toward creating a third entity," Nagai said.

The New Democratic League, the most vocal advocate within the SDP to launch a new party, is planning to rally "democrats and liberals," to give birth to a new party to replace the SDP in January.

The SDP's No. 2 man, Wataru Kubo, has also advocated changing the party into a new force to cope with the ongoing political realignment.

The SDP is set to call a national meeting of its local deputies on Dec. 18 to discuss a proposal to transfer its legislators to the new party. The five SDP dissidents hope to see the embodiment of the new party plan by the Dec. 18 party meeting.

Supporters of party leader and Prime Minister Murayama, however, are less eager to promote the idea. Murayama and Kubo have agreed to avoid a split in the party.

Journalist on 'Shinshintō' Maneuverings

OW0312095694 Tokyo EKONOMISUTO in Japanese 6 Dec 94 pp 58-60

[Article by Yutaka Wakai, MAINICHI SHIMBUN Political Department correspondent: "Behind-the-Scenes: "One More Hurdle" Before Shinshintō's Formation"]

[FBIS Translated Text] "Departure From Ozawa" Gives a Somewhat Tarnished Impression

The former coalition group will launch Shinshintō [New Frontier Party] in about two weeks. It should be an epoch-making event in the political world's reorganization, which began last summer with a non-Liberal Democratic Party [LDP] coalition government. However, because both Komeitō [Clean Government Party] and the Democratic Socialist Party [DSP], which were to be central elements in the party, changed their position and became half-hearted about joining Shinshintō, its impact has decreased from initial projections. But it is certain that [Shinshintō's formation] will cause a movement within the Social Democratic Party of Japan [SDPJ] to start [another] new party, which will trigger a movement within the SDPJ and New Party Sakigake [Harbinger] to form a unity group faction, which will become the catalyst for creating a new stage in the political world's reorganization. In the volatile political world, which has existed since last year, the lull brought on by the LDP-SDPJ coalition government, which has even provided some sense of stability, will not last long.

In its plan to join Shinshintō, Komeitō has adopted a two-tier system: The party is split into Komei New Party B, consisting mainly of lower house members, and Komei New Party A, consisting of regional assembly members, upper house members not up for reelection, and party functionaries. And, for the time being, only B members will actually join Shinshintō.

They have removed the main body (B), which will be the nucleus for the election campaign. Komeitō also has decided to make the Komei New Party A temporarily participate in election campaigns for the Komei New Party B. At the same time, the Soka Gakkai, which is the party's nucleus of support, came up with a plan to review its support for Komeitō and possibly support LDP candidates in some cases. It can be said that they are positioning themselves to cast influence over political parties in every direction, using solid blocs of Soka Gakkai votes as leverage. The approach is that it would be great if Shinshintō wins, but if it loses, it will not affect the main body. However, their hearts are in it that much the less.

The DSP will also establish a political group, the "Democratic Socialist Association," after disbanding their party, and all its party members, about 100,000, will slide into it as members. The parliamentary members will move to Shinshintō, but they will form a policy group made up of DSP parliamentarians. It is no exaggeration to say that in reality the DSP is only changing its name. Both parties are hedging their bets and avoiding the situation in which they share their destiny with Shinshintō. They will ride the bus called Shinshintō while creating their own emergency exits from which they can leave at any time.

Naturally, as a result, Shinshintō's centripetal force has drastically diminished.

In the policy field, the central view that initially characterized Shinshintō's direction has become unfocused. As for Japan's response to expectations from the international community, which has become a starting point for political reforms, it has become unclear because Komeitō, Shinseitō [Japan Renewal Party], and other parties could not overcome their differences on the issues of collective self defense, unfreezing the UN Peace Keeping Operations (PKO) law, and so on.

It also appears that they did not have the will to overcome their differences. In addition, generational discord was added. The younger members' thinking was to try to demonstrate a difference from other established parties. Their ideas included a ban on children succeeding their parents, a ban on party nomination for multiple reelections [term limits], a retirement system, and so on. These ideas were mutilated with a policy of victory-first in the election. A confrontation appeared in the election of party leader and officials. In addition, factional leadership struggles were added to the mix. Therefore, it is undeniable that the slogan, "reform without limits" has substantially faded.

This is the result of the fact that Ichiro Ozawa's power, who had been leading Shinshintō for better or for worse, is no longer absolute and the phenomenon of "quitting Ozawa" (according to a senior Shinseitō official) is occurring. From inside Shinseitō, soft but clearly critical comments directed against Ozawa such as "a clever strategy and cunning plan may appear to succeed for a while, but in the end, they always fail" (Keiwa Okuda, Party adviser) are now being heard.

But when government subsidies to Shinshintō, brought about through the new political party subsidy law, begin next year, party headquarter's control will become stronger. That is because the subsidy will be paid to party headquarters, and from there it will be distributed to party branches and dietmen. Also, as the adjustment of candidates for lower house single seat districts comes into full gear, the executive branch's centripetal force, which mediates and negotiates, will naturally become stronger. When that is the case, as long as the cooperation with Komeitō Secretary-General Yuichi Ichikawa, the so-called "Ichi-Ichi Line," lasts, it is certain that Ozawa's power will again become great. Substance aside, as long as Shinshintō makes an appearance, the political world's reorganization will go forward. This may be what Ozawa has envisioned.

It is Difficult for "New Democratic League" to Leave Party

As if to confirm what Ozawa may have envisioned, there was discord within the SDPJ, which is a part of the LDP-SDPJ-Sakigake coalition government. In early November, a rumor went through the party that Makoto Tanabe, who belongs to Secretary-General Wataru Kubo's faction, and former Chairman Sadao Yamahana, who opposes Tomiichi Murayama's faction, were going to leave the party. It began when Tanabe said during a newspaper interview that "(the New Democratic League, including Tanabe) will leave the party at some time," and confirmed talk of the New Democratic League's two stage departure from the party. At odds with Kubo's "Democratic Liberal New Party" concept, [Murayama's people] seemed to have cooled the situation by assuming the position that "(forming a new party) must be carried out by the SDPJ party organization (Prime Minister Murayama). It is unclear if there is any relation to Tanabe's comment, but the situation has become more lively. Kubo said "[I] would not even hesitate to break up the party," and Yamahana expressed his intention to go ahead and leave the party.

Construction Minister Koken Nosaka, who belongs to the prime minister's faction, and Morishige Goto, All Japan Prefectural and Municipal Worker's Union [Jichiro] chairman, an important base of support, tried to control this commotion. Senior officials of nine industrial [labor unions] made the half-threatening proposal that "if the Murayama government falls because some [SDPJ] dietman leaves the party, it would become hard for the unions to provide him with support." This

worked, and Yamahana denied that he would leave the party at the 15 November opening of the New Democratic League office. He said: "It is not an issue of splitting the party or not. I want all of us to work to create a new political force." The following day, Kubo said at the Central Committee meeting of the All Japan Telecommunications Worker's Union [Zendensu] that "The new third force should take part in the government and occupy important positions as a group with power." He came forth in support of the Murayama government. Differences have arisen between Yamahana, who persists in promoting an early departure from the party, and Kubo, who wants to avoid splitting the party. But the severe tug of war will continue between the prime minister's faction, which would justify holding these two in check to maintain government power, and these two men. On the other hand, triggered by this commotion, another movement of the reorganization drama has begun.

Kubo and his friends, concurrently with the activities within the party, had been groping for cooperation between the New Democratic League and Sakigake. The prime minister and others found this out, and Nosaka, Chief Cabinet Secretary Kozo Igarashi, and others persuaded senior Sakigake officials who were inclined to strongly support the prime minister, that cooperation with the New Democratic League could lead to the government's fall; and that they should change their minds. They indicated that, on the contrary, they could form an SDPJ and Sakigake unity group.

As a result, Sakigake turned down cooperation with Kubo's "Democratic Liberal New Party," saying that "we are for the creation of a third force, but it will suffice to unite the liberal forces through policy within the government. We should not aim for [creating] a party right now. It is necessary to guarantee not endangering the Murayama government." (Yukio Hatoyama, representative senior official) Thus, instead, the unity group faction plan has suddenly materialized.

To this unity proposal, Igarashi expressed his sense of expectation that "Sakigake might not refuse." (14 November) But Finance Minister Masayoshi Takemura conveyed his opinion at a 15 November meeting with Igarashi that "I want to discuss things on a broad scale," indicating his unwillingness, officially at any rate, to support the concept in which preventing the New Democratic League's departure from the Socialist Party is the primary object. But the roots of this unity group faction concept are deep, and it is highly possible that, looking to the future, they will take up such a strategy. We can also surmise this from the prime minister's response the next day that "it is a good thing that such discussion takes place," in spite of Takemura's reaction.

"LDP-SDPJ New Era" Also Possible

What shows up here is the argument that "We want somehow to maintain a three party structure, even after the Murayama government. But the current government

is receiving strong criticism even from within the SDPJ that the SDPJ is being swallowed up by the LDP. So there is no other option but to merge with Sakigake and to form a force to counter the LDP" (according to a cabinet member close to the prime minister). This is the design in which the SDPJ and Sakigake form a unity group faction, and they, in turn, form a coalition government with the LDP.

In such a case, how the LDP responds is a question. One former LDP prime minister is said to have confided to his close associates that "It is impossible to fight the next general election with an LDP prime minister." In other words, it means that even if Prime Minister Murayama gives up, they would give the next prime ministership to the SDPJ or Sakigake. Their strategy is transparent: they would seal the fate of the New Democratic League, which, for the LDP-SDPJ-Sakigake coalition government, is an element of uncertainty, by forming a unity group faction and buying time for the LDP's reconstruction.

This strategy is also convenient for Sakigake. Not only does unity of the liberals against Ozawa advance, but this is also a chance for Sakigake to expand its influence in the cities in the next general election, filling in in urban areas where the LDP and SDPJ are weak. Through such a scenario, Sakigake's concept of backing 100 candidates is also highly realizable. In some situations, the possibility of a Prime Minister Takemura can be imagined for the post-Murayama period.

Looking at the timing of such a series of moves and at the prime minister's and Nosaka's personal connections to Diet affairs personnel, some government officials wonder if former LDP Secretary-General Seiroku Kajiyama's visit to the prime minister on 8 November was to make arrangement for a strategy. They might have held the meeting in anticipation of Shinshinto's inauguration and [what might occur] over the next year. Thus some SDPJ dietmen explain the background of why the prime minister displayed confidence at the news conference in Jakarta on 14 November when he said that "the party will not be split."

On 14 November, under such circumstances, former Transportation Minister Shigeru Ito of the SDPJ started the "Monday Study Group," inviting the middle-of-the-road [neither Kubo nor Murayama affiliated socialists] dietmen. The members number 30. Ito's position is: 1) The SDPJ's basic policy should be reviewed; and 2) the government should be an LDP-SDPJ coalition government. Ito explains that he "will be the adhesive for the right and left factions."

The lecturer for the first meeting was former Chief Cabinet Secretary Masaharu Gotoda. He is an advocate from the LDP of protecting the Constitution and is also the behind-the-scenes principal player who brought the Murayama government into being. Gotoda praised the Murayama government profusely, saying: "I thought the emergence of the LDP-SDPJ coalition government was

inevitable," "The effort by Murayama and others over the last several months have been substantial. (The government) will not fall. The LDP should only thank [Murayama] and has no reason to complain," and so on.

Some attendees thought of a grand vision under which the Murayama government would remain intact with the backing of an alliance to be formed between the dovish faction in the LDP and the SDPJ. Naturally, it is a design in which Ito would have the possibility of being one of those propping up the government should the occasion arise.

The talk of a cabinet reshuffle, which was raised, has died down. But many people expect that by the time the next fiscal year's budget is made and the LDP-SDPJ coalition government has come to its next step, the subject will come up again. A cabinet reshuffle would arrange, before next summer's upper house election, a line-up of personnel that would give the impression that the LDP-SDPJ new era had arrived. Some expect that it will not stop with minor changes, but will involve bolder ones.

If that happens, we can not help but pay attention to one person, whether we want to or not. That is former Prime Minister Noboru Takeshita. That is because "in today's political world, only Takeshita and Ozawa can draw such large scale designs" (according to a SDPJ Central Committee member). In the end, it goes back to the scene in which "Takeshita opposes Ozawa." A severe battle will develop.

Shinseito has decided to disband its party. And the LDP and SDPJ cannot avoid losing people in the rapids of political realignment. Even though it is the same "Chikusho" [Takeshita and Ozawa] composition, the shape of the ground has changed greatly. Shinshinto's formation is triggering further great changes.

LDP's Mori Comments on Political Maneuvering

OW0412165394 Tokyo CHUO KORON in Japanese
Dec 94 pp 66-74

[Interview with Yoshiro Mori, secretary general of the Liberal Democratic Party, by Soichiro Tahara, commentator and television producer; place and date not given]

[FBIS Translated Text] A Quarrel With Kakuei Tanaka

[Tahara] As of this year, you will have retained your seat for 25 years. You were elected for the first time in the 44th year of Showa [1969]. A galaxy of political stars were elected in the same year, such as Ichiro Ozawa, Tsutomu Hata, Seiroku Kajiyama, Hajime Ishii, Takako Doi, Kozo Watanabe, Tetsuzo Fuwa. Why is that?

[Mori] The 44th year of Showa was immediately before the 1969-1970 struggle against the Japan-U.S. Security Treaty. And that year was the beginning of one of the peaks of ideological struggle.

[Tahara] The age of turmoil bred enterprising people such as those who say: "Let me do the work."

[Mori] It seems an atmosphere calling for generational changes was being created within the Liberal Democratic Party [LDP].

Other dietmen elected then were Koichi Hamada and the late Hikosaburo Okonogi of the LDP; Takahiro Yokomichi and Kenjiro Kawamata of the Social Democratic Party of Japan [SDPJ]; Nobuaki Futami and Naohiko Okubo of Komeito [Clean Government Party]. I think there was a generational change in each political party, and it was an age when new human resources were produced.

[Tahara] It was the age when the Yasuda Auditorium incident [the occupation of Tokyo University by students opposing the Japan-U.S. Security Treaty] occurred, and the final climax of Zenkyoto's [All-Campus Joint Struggle Committee] activities.

[Mori] I was a student at Waseda University at the time of the 1960 struggle against the Japan-U.S. Security Treaty. Inejiro Asanuma [graduate of Waseda University and chairman of the Japan Socialist Party; in 1960 he was stabbed to death by a right-wing youth] came to a meeting of old boys of Waseda University's debating club. He said at the meeting: "Since this is a private meeting, I venture to say that the reconstruction of Japan is impossible without cooperation between Japan and the United States."

[Tahara] Did Asanuma say that? He is the man who "denounced U.S. imperialism as the common enemy of Japan and China," is he not?

[Mori] He said laughingly: "I cannot say such a thing outside. Ha-ha."

At the time of that dashing into the Diet Building, I was standing in front of its main gate. Asanuma opened the gate, urging us to "dash forward." Then Prime Minister Nobusuke Kishi, on the other hand, said: "Although people shout with agitation 'the Diet, the Diet,' the Korakuen Stadium is full of spectators." Then I came to feel: "What is the matter with these politicians? Japan will experience a revolution if they do such silly things." I felt inclined to venture into politics, thinking: "Who else can take the helm of state affairs unless we do?"

[Tahara] When you were elected for the first time, Kakuei Tanaka was secretary general of the LDP. When you ran for the Diet, you met with rather harsh treatment, did you not?

[Mori] I was completely ignored because I was an independent.

[Tahara] Were you treated as a fly-by-night candidate?

[Mori] That is right. The first electoral district in Ishikawa Prefecture, my birthplace, was a closely contested constituency with about ten candidates vying for

three seats. The candidates running on the LDP ticket were in danger of losing the election. Therefore, it is said that a certain person advised Kakuei Tanaka to approve me as a quasi-authorized candidate of the LDP or to just recommend me. Then Tanaka roared: "He is only a fly-by-night candidate." In that election 288 candidates authorized by the LDP were elected.

[Tahara] It was a landslide victory for the LDP, was it not?

[Mori] The total reached 300 people, including 12 successful independents. Tanaka was such a calculating person that he not only made the 12 unauthorized people join the LDP at the same time as the declaration of victory after the election, but he also made the newspapers bear the caption: "The LDP Has Hit the 300 Mark." Kozo Watanabe and Hikaru Matsunaga were included in that figure in addition to myself. Each of us, the 12 people, paid a fee to reserve a room in a restaurant and invited Tanaka, "to find fault with him once for all for having treated us as fly-by-night candidates."

We were kept waiting for about an hour, when Secretary General Tanaka entered the room, saying: "Oh! Congratulations everybody." As soon as he took his seat, he called each of us by name. He said to me, for example: "It was fortunate for you, Mori. You won the election because you were not authorized by us." (laughter) My electoral district is divided roughly into the north and south by the Tetori river. The LDP authorized only three people in the Kanazawa district in the north. Therefore, all the voters in the south who were dissatisfied with the decision of the LDP Prefectural Chapter voted for me as one body. Tanaka said: "We were thinking of nominating you as our official candidate on the way, but we thought it inappropriate for us to weaken your strength by nominating you. Therefore, we did not nominate you." (laughter)

Tanaka talked to each of us in this manner. When we interposed to say something, he told us to wait, and continued: "As I have said, come to consult me about anything. You have done a fine job. Well, I must be going now." So saying, he left us. (laughter)

[Tahara] So you could not say anything to him. (laughter)

[Mori] He knew what he was doing. I had a fierce quarrel with Tanaka when I first met him.

[Tahara] Is that when you called on him upon your winning the election?

[Mori] I was summoned to Tokyo on 29 December, two days after winning the election. I had been angry about being called a fly-by-night candidate, and my nerves were highly strung because it was immediately after my electoral victory.

[Tahara] The cause of the quarrel was money, was it not?

[Mori] Tanaka threw something like an authorization allowance wrapped in paper in front of me. Then a quarrel followed: "What is this? "Take it." "No, I will not." He got angry and went out.

[Tahara] You did not receive the money?

[Mori] I received the money afterward, because Vice General Secretary Susumu Nikaido said to me: "We are sorry we have given you so much trouble. I have brought you an authorization allowance and a loan. Now that you are a member of the LDP, please accept the money."

[Tahara] Now it is you who are secretary general. What are your political beliefs? Please tell us what is most important to you.

[Mori] It is "self-annihilation for the sake of one's country," although it sounds a little conceited. The reason is that Ishikawa Prefecture is a conservative area, and it was only a man of high birth or the head of an agricultural cooperative association or the head of a chamber of commerce and industry that could become a politician. Despite everything, a youth without reputation and party affiliation won the election, it was a kind of revolution. This meant that the people of Ishikawa Prefecture sympathized with my intentions to challenge the impossible. Therefore, I became a dietman, believing that, in principle, I should not belong to any party and that I should fight alone. I have served as a dietman for the past 25 years with the determination not to forget my starting point.

[Tahara] You have not been so fortunate in the factions.

[Mori] A power struggle occurred between Kakuei Tanaka and Takeo Fukuda three years after I was elected. Because of this struggle, a faction that had been more or less an association of like-minded persons gradually turned into a fighting group. The victory or defeat of factions affected the positions of the LDP's president and prime minister. By investing one faction with authority and the right of personnel management, the faction became an entity more powerful than the LDP itself. A faction with 100 or more members came into being, and the faction came to decide the course of the LDP.

It may be all right for a faction to be led by broad-minded people like Tanaka and Takeshita. However, when Shin Kanemaru and Ozawa came to power, strife and a division in the camp followed, because they were not the right people to lead a great faction.

[Tahara] Conversely speaking, you know the evils of factions very well....[ellipses as received]

[Mori] Except for my first election as a non-authorized candidate, I have fought elections as a member of the anti-mainstream group within the LDP.

[Tahara] As your group's rival, there was the Tanaka faction.

[Mori] I am now in a position to protect and reconstruct the LDP. Conversely, those who abused their authority, if not ignored the LDP, suffered internal discord of their own free will and bolted from the party. I really wonder at the strange fate.

An Unknown Episode of the LDP-SDPJ Coalition on 29 June

[Tahara] By the way, (while looking at a tablet in the secretary general's office entitled "kendo-jurai" [resume one activities with redoubled energy]) why do you not change this tablet for another? It was hung when the LDP became an opposition party, was it not?

[Mori] That is right. It was given to me by my senior. Actually, the Chinese character "ken" in "kendo-jurai" is supposed to need a hand on its left side. But they say it is all right without it.

[Tahara] A practiced hand and a trick are not to be used too often. (laughter)

[Mori] Well, we cannot say we have resumed our activities with redoubled energy as yet.

[Tahara] Do you mean that the current coalition government will not do?

[Mori] In order to move Japan's politics forward from now on, to my mind a "coalition government" is indispensable. What is also important, however, is one's identity.

[Tahara] Does the LDP of today not have an identity?

[Mori] It is true the LDP is not exercising its leadership in making policies and in the management of the Diet. After all, it is Murayama who is prime minister, and the role of the LDP is to support him. Although there are some people who proudly say "they have already regained power," at least the executive committee must be reserved and yield a step.

[Tahara] Speaking of the Murayama administration, the LDP has made the chairman of a party, which is only one third the size of the LDP, prime minister. Who in the LDP said: "Let us make Murayama the head of government?"

[Mori] First of all, I will tell you about the background, although it will take a little longer. The LDP was at a loss over what to do after its fall from power, for which Yohei Kono and I were severely criticized for "lacking fighting spirit," "lacking leadership," and "lacking power to consolidate the party."

When Hata became prime minister after the resignation of Hosokawa, at my first news conference I declared: "All Hata has to do is have the budget approved by the Diet. That will be his last job." As I was asked by a reporter "if that meant calling a noconfidence vote," I said "it will not be excluded." That excited considerable criticism within the LDP: "You have declined assuming

a fighting posture. It is foolish of you to declare 'a noconfidence vote' beforehand."

However, the outcome was that all LDP members had to direct their steps toward the overthrow of the Hata cabinet because of my remark. Just then, the SDPJ and Sakigake [Harbinger] bolted from the coalition. Wataru Kubo still seemed to have been thinking of returning to the former coalition, but Masayoshi Takemura and others expressly said: "Japan will deteriorate if that cabinet continues to reign." Then I said to Takemura, "You went so far as to bolt from the LDP to carry out political reform. What will happen to your political reform if you bolt from the coalition?" Takemura even said: "While we were entrusting political reform to those fellows, 'political reform' became a dirty phrase."

[Tahara] Did he say such a thing?

[Mori] Yes, he did.

[Tahara] What did he mean by "dirty," concretely?

[Mori] It probably meant that to them "political reform" was nothing but the problem of what to do with their power.

Anyway, on hearing the words, I had a talk with Kubo for the first time. I said to him: "It will be impossible for the LDP and SDPJ to have policy agreements. However, with regard to the political method of protecting democracy, their way of doing will not do. We must not destroy democracy and the parliamentary system that we have preserved for the past 50 years since the end of World War II. The LDP, the SDPJ, and Sakigake should reach an agreement on democratic procedures and political methods. Committee members from these three parties should be authorized to have a free discussion on various policies, and the policies agreed upon by committee members should be approved by the three parties."

There was a varied choice of actions at that time. One of them was a new union of conservative forces advocated by Michio Watanabe.

[Tahara] That was a union with Shinseito [Japan Renewal Party] and Komeito, was it not?

[Mori] Although Watanabe's attempt failed because of his strong individualistic action, his way of thinking was persuasive. Ichiro Ozawa, however, had no intention of forming a union with the LDP as a whole, but was thinking of joining forces with possible seceders from the LDP and the SDPJ. Therefore, as the LDP's secretary general, I could not go along with Ozawa. For all that, if we remained an opposition party until the Diet's next dissolution, that would be the end of us. After one year's management of the party, I fully realized how trying it was to be an opposition party. I thought that under the circumstances, the LDP would not last for two years.

Then there would be no alternative for us but to join forces with some party and to return to the helm of state affairs. We thought joining forces with the SDPJ would

be actually the best choice, because public opinion had no desire for the one-party administration by the LDP. Anyway, we had to catch hold of the SDPJ. However, on the evening of 27 June, we were told that "cooperation between the LDP and the SDPJ was impossible."

[Tahara] Ozawa and others held final conferences with the SDPJ on 28-29 June. So you were informed of that on the preceding day, were you not?

[Mori] On the evening of 27 June, I met with Hiroshi Mitsuzuka. As Mitsuzuka had contact with Ozawa, I made a request to Mitsuzuka, "Please have a talk with Ozawa and ask him to have an all-out union with the LDP."

[Tahara] You had been groping for a union between two conservative forces.

[Mori] On the early morning of 29 June, Mitsuzuka called me, saying: "It was impossible after all." Mitsuzuka said there was no definite answer from Ozawa. We also had been asking Seiroku Kajiyama to establish a contact with the SDPJ. Kajiyama also called me at 7 AM, saying: "There is no possibility of Murayama forming a union with the LDP." I thought it was all over for us.

Then I had a phone call from Sadatoshi Kosato, chairman of the LDP's Diet Affairs Committee. Kosato and Kubo are from the same province and they are on intimate terms with each other. Kosato said to me: "I am going to meet with Kubo today. Is there anything I can do for you?" I said to him: "Please make desperate efforts to hold a Kono-Murayama meeting." He hung up, saying: "All right." To our regret, the answer was no, but a Mori-Kubo meeting took place instead.

[Tahara] That occurred on 29 June.

[Mori] It was 1 o'clock in the afternoon. However, talking with Kubo only made me realize that there was a wide difference between us. I said to Kubo, "President Kono, who brought a nonconfidence vote, and Chairman Murayama, who demanded a general resignation, are responsible for the current political turmoil. Unless the two men meet, we cannot explain the situation to the nation." Kubo gave me no answer, just saying, "Well...." [ellipses as received] When I persisted with my opinion, he said: "Then, shall we meet again at about 6 o'clock?" Kubo may have thought that the discussion with the former coalition would come to a conclusion by 6 o'clock. I said to him: "That will not do. Please make it 4 o'clock if we are to meet again."

After all, we agreed to meet again at 4:30 PM. Kubo stood up, saying: "Well, see you later." Just then, I stopped him, saying, "Just a moment, please." I said to him, "Even if we meet at 4:30 PM, you are going to say that the party leaders' meeting is impossible, are you not?" He said, "Well, yes. You know that, do you not?" So I said to him: "I have one more thing to say. As we

may not meet again, I say this with full determination. The LDP is thinking of a Murayama-headed cabinet."

[Tahara] You said it at that time for the first time?

[Mori] That is right. Kubo said to me in surprise, "Is that the collective will of the LDP, or your own idea?" I said to him: "Right now, that is my personal view. However, since I said that officially to the SDPJ's secretary general as LDP secretary general, I will make the LDP members unanimously agree on that point even if my life depends on it." At that time, the chairman of the SDPJ's Diet Administration Committee and chairman of the LDP's Diet Affairs Committee were present at the meeting. Committee chairman Koken Nosaka of the SDPJ said: "This is a very serious matter. Secretary General Kubo should report the matter to chairman Murayama in detail. If circumstances require, the matter should be submitted to the Central Executive Committee for deliberation, and the answer should be given to Kono by Murayama himself."

As a result, a Murayama-Kono meeting was held at 3 PM.

[Tahara] Before you talked to Kubo about a Murayama-headed cabinet, did you consult with Kono or others?

[Mori] No, I did not. After I said that, I said to myself: "I have made a very serious statement." Then I met with Kono to tell him about the matter, saying: "As LDP secretary general, I am obligated to put you at the head of the government, but I made the statement at my own discretion. Please excuse me for that. I judged that a Murayama-Kono meeting would not be held unless I made that statement." Kono said to me: "I would have said the same thing if I had been there. Thank you." I was relieved to hear that, and at the same time, I thought Kono was a great man.

Elections Will Be Held on the Basis of Partial Cooperation

[Tahara] To change the subject, both the Murayama and Hosokawa administrations were coalition governments with the SDPJ. What is the greatest difference between the LDP-SDPJ coalition government and the Hosokawa administration?

[Mori] That would be the observation of the principles of democracy.

[Tahara] What are the principles of democracy?

[Mori] They are methods. We value procedures and hold all conferences in an open manner. As the means for reaching an agreement among the three parties, there is the Responsible Persons' Council, a group made up of one member from each ruling party [Kubo, Yukio Hatoyama, Mori]; the General Council of the Diet; the Policy Coordination Council; the Chairmen's Council of the Diet Affairs Committees; and the council comprised of upper house representatives.

[Tahara] The former coalition had a representatives' meeting, did it not?

[Mori] According to Murayama, everything was decided by specified persons when the former coalition government was in power. It has been said that there was absolutely no party heads' meetings.

[Tahara] Not even once?

[Mori] Murayama frequently asked Hosokawa to hold a party heads' meeting, but Hosokawa always assumed an undecided attitude and in the end, never held a party heads' meeting, even when matters of great importance surfaced. One day, Murayama said to Hosokawa in anger: "Why do you not hold a party heads's meeting?" He is said to have replied: "Although you say such a thing, you know I am in no position to hold a party heads's meeting." Everything was decided by Ozawa and Ichikawa, which resulted in driving the SDPJ and Sakigake into a corner.

Although we are only a three-party coalition, it is difficult to reach a common opinion because we are a group of politicians. However, I am doing that work with patience. If Ozawa had listened to all the opinions of the eight parties, things would not have gone smoothly. Therefore, I think he had to say: "Do it like this." That, however, led to authoritarian politics.

Therefore, we are trying to do things differently. The LDP's Policy Research Council had the Education Division, the Commerce and Industry Division, the Agriculture and Forestry Division, and others. The three parties have formed similar organizations. We have coordination councils by fields, such as the Welfare Project Team and the Tax Reform Project Team. Each team has an executive committee comprised of 20 members—10 from the LDP, 7 from the SDPJ, and 3 from Sakigake. In short, the composition of members is such that a decision by the majority is impossible. Besides those mentioned above, we have 19 coordination councils by ministries and agencies, such as the Judicial Affairs Council, the Commerce and Industry Council, and the Foreign Affairs Council. Each council is comprised of 6 members—3 from the LDP, 2 from the SDPJ and 1 from Sakigake. Decision by majority is not conducted in this case either. This was my idea.

[Tahara] It is impossible to win a majority in either case, is it not?

[Mori] In the General Council of the former LDP, we talked as much as possible, but we did not take a vote. Kubo said to me enviously: "That is the wisdom of the LDP." The Ruling Parties' General Council of the Diet is comprised of 20 members—10 from the LDP, 7 from the SDPJ, and 3 from Sakigake. The final decision is made there.

[Tahara] You put many hours into discussion but do not take a vote?

[Mori] That is right. We value transparency, openness, and procedures. We want discussions to be conducted by as many people as possible.

Some say: "The LDP-SDPJ union is one of convenience." Actually, however, in the context of Diet affairs, the LDP and the SDPJ, for example, had always held discussions in the Commerce and Industry Committee, the Agriculture Committee, and the Foreign Affairs Committee concerning commerce and industry, agriculture, and foreign affairs. What kind of additional actions or conditions should we impose to make the SDPJ approve bills? At what stage should we allow the SDPJ to save face? We had constant negotiations with the SDPJ on these problems. The bonds that we cultivated back then still exist today. As ruling and opposition parties, we held negotiations behind a fence. Now the fence has gone. In conducting politics, we find pride and pleasure in realizing what we have created anew.

[Tahara] However, the former coalition parties are going to unite to form a new party and are scheduled to hold the new party's inaugural convention on 10 December. What is your countermeasure to that? Are you going to form a new LDP-SDPJ party by joining forces with the SDPJ—do you intend to marry the SDPJ?

[Mori] The group led by former SDPJ Chairman Sadao Yamahana and others says that "it is going to be a third force." However, it will have to join forces with some other party sooner or later, because "being a third force" is very dangerous.

[Tahara] Why is that?

[Mori] It means that unless a third force unites with some other party, it will face the danger of being wrecked. It is almost impossible for one party to win a majority under the single-seat constituency system with proportional representation. This system is so contrived that minority parties will always win some seats. In that sense, the simple single-seat constituency system, which we proposed under the Miyazawa cabinet, is easier to understand, because if a party wins 51 percent of the votes, that means a victory for the party.

[Tahara] In short, does that mean that two big parties will come into being under the single-seat constituency system with proportional representation?

[Mori] That is right.

[Tahara] However, the current opposition parties, the former coalition, are going to unite. In that case, the LDP and the SDPJ will be unable to win an election under their current setup.

[Mori] That is the difficult point. However, there are 300 electoral districts. The current LDP will be able to win about 200 seats. Any other party will be the same. That is why Shinshinto [New Frontier Party] is desperately recruiting candidates or is trying to win LDP members over to its side. Therefore, coordination will be made so

that the LDP will withdraw its candidates from electoral districts where the SDPJ is likely to win. We expect that such coordination will be continued for the time being so that the ruling parties can win a majority in the end.

[Tahara] You are not contemplating an all-out electoral cooperation, but are you going to cooperate with each other where cooperation is possible while waging an election campaign? It is a partial cooperation, is it not?

[Mori] Doing that as much as possible will be the means to prevent loss.

"Karaoke" Generation Elections

[Tahara] Please allow me to ask you one last question. You have established a commission to research fundamental policies. What is it that the current LDP has to change most of all?

[Mori] The LDP's platform and fundamental policies had been the products of the ideological confrontation between the East and the West. The LDP's platform and fundamental policies had been to make the nation share liberty and democracy as its common values, to prosper under the liberal economic system, and to evenly distribute the fruit to the nation. Now the confrontation between the East and the West is over all the world over. What is the LDP's future policy... [ellipses as received]?

[Tahara] You have to make a new flag, do you not?

[Mori] As to that, there are various opinions within the LDP. The fact that the LDP became an opposition party last year was a great shock to us, myself included.

The "new party" boom was at its height during the last general election, although it has subsided now. At that time, a dietman, who was a fly-by-night candidate while he was in the LDP and who was barely able to win 10,000 votes, won 200,000 votes by changing his party, without promoting the activities of his supporters' association or without taking care of his electoral district.

In short, such a man is the symbol of the karaoke generation. With a microphone in hand, everybody sings as if he were "Hibari Misora," or "Akina Nakamori." This is the age when everybody can play the leading role. There were many people in town who wanted to engage in politics. Such people showed much better leadership than existing leaders. Political parties recruited men who were easy to get along with rather than comrades who were hard to please. The number of men to be recruited is the same either way.

[Tahara] And it costs less money.

[Mori] We had a sense of crisis in that our thoughts about the way the elections and the political parties should be had changed. Last year there was a clamor for "a change of the LDP's name." We clearly understood that the LDP had an image of "being dirty, old, and rustic," and that somehow people had bad feelings about the party. In order to reform the LDP drastically, we

have established the Party Reform Headquarters and have asked Mr. Masaharu Gotoda to head the Research Commission on the Party's Fundamental Problems. And the commission has begun a discussion about various problems.

[Tahara] The LDP has been very impatient for reform. Has the situation changed?

[Mori] Impatience and irritation have disappeared. However, it is not good for the LDP to return to its former self. We are seriously considering the situation of the party with the research commission as the center. We have also established the Party Reform Implementation Headquarters headed by Masajuro Shiokawa to deal with the dissolution of factions, the reform of organizations, the inspection of publications, the expenditure of the party, and other questions. The headquarters is being urged to expedite its work and it is making every effort to form a conclusion by the middle of December.

However, in dealing with fundamental party rules and fundamental party platforms, the question of voluntary enactment of the Constitution inevitably comes up.

[Tahara] That is understandable. Are you personally in favor of voluntary enactment of the Constitution?

[Mori] It is right for us to enact our own Constitution at our own will. Today's Japan is quite different from that of immediately after World War II, and it is 100 percent impossible for Japan to revert to militarism. No politicians, myself included, believe that Japan will return to militarism.

However, I differ from Ozawa in dealing with the problem of Article 9 of the Constitution. "An ordinary country" advocated by Ozawa is one that has armed forces and fights with other countries for the world, if necessary. However, that is "an ordinary country" in the Cold War period. There is no longer the East-West confrontation; even if there are disputes, the atmosphere prevails that there should be no major wars; we have come to a new age of symbiosis here on earth. Therefore, "an ordinary country" in such an age should be a country that aspires to peace. The atmosphere prevails here that it is a disgrace to have the Constitution that has renounced war in its Article 9. In fact, it is the other way around, to my mind.

[Tahara] You think we should be proud of the provisions of Article 9.

[Mori] We should rather say to other countries, "Please do as we do." The reason is that there may be much we can do within the limits of the Constitution.

[Tahara] By the way, recently we have heard the rumor on the LDP's relationship with CIA.

[Mori] Well, it is actually impossible to verify the rumor. I have privately investigated the matter, but I have been unable to find any official documents written about the case.

Therefore, why such a question has been raised at this time is more important.

[Tahara] However, when the rumor spread that the SDPJ had received funds from the Soviet Union, the LDP dispatched an investigation commission. Therefore, some say it is natural for the general public to expect the LDP to conduct its own investigation.

[Mori] We have investigated the case to some extent, but have found no evidence. All I can say is that Mr. Eisaku Sato, Mr. Hayato Ikeda, and Mr. Nobusuke Kishi were superior men, even as diplomats. I can only believe that they knew better than to receive money from a foreign country. However, there may have been various fixers then as there are today.

[Tahara] There were more fixers then than today.

[Mori] Even today money is given without receiving a receipt. At that time there may have been people who settled matters by giving money. However, it is also impossible to verify this.

However, concluding in a loud voice that "people in the 1955 political system are corrupt" by saying that the SDPJ received money from the Soviet Union and the LDP received money from the CIA is to court retribution—the stone you throw will fall on your own head. Although Mr. Takeshi Noda [who seceded from the LDP] was ostentatiously saying something about the LDP's alleged receipt of money from CIA at a press conference, he might be contradicted by the remark: "Your father was a member of the LDP at that time." [laughter]

DSP Head on Leadership Issues Facing New Party

OW0412070494

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2307 GMT on 3 December, in its regular Sunday magazine "News 2001" program, carries a 27-minute live debate with Takashi Yonezawa, chairman of the Democratic Socialist Party (DSP). FNN newscasters Yuji Kuroiwa and Megumi Sekito act as moderators, while columnist Kenichi Takemura Takashi and MAIN-ICHI SHIMBUN editorial writer Takao Iwami participate in the program as guest commentators.

Kuroiwa opens the debate by referring to the problem which the newly-born New Frontier Party (NFP) is alleged to be having in selecting top leaders to represent the party. Kuroiwa claims the attention of the party members is at present not focused on the question of who will become the head of the party but on who will be named general secretary of the party—or rather on the question of whether Ichiro Ozawa, former general secretary of Shinseito (Japan Renewal Party), will become the second top man or not. He asserts that the party members are divided into two groups—one group wanting Ozawa to assume the position and the other against

having him in that position. Kuroiwa asks for Yonezawa's comment on the alleged situation.

Yonezawa refuses to accept the allegation that such a problem exists, saying: "There have been neither behind-the-scenes nor official discussions by senior officials or executive council members of the party on naming the leadership. This story you have just discussed must have been created by reporters who have been given bits of information from dietmembers here and there. I think that the leadership issue will be formally decided on the day after tomorrow."

"In that respect," Yonezawa predicts, "I tend to think that reporters will come to learn that what they wrote was rather far from fact."

But the moderator pursues his question further, and asks Yonezawa, "Is that so? People think this matter will be settled along the line of Toshiki Kaifu being named the party head and Ozawa the general secretary. You mean that is not the way it will turn out?"

Yonezawa says: "Well, that is a possibility. But it is also possible that it will not turn out to be that way." Moderator Kuroiwa says there are some people who ask why Ozawa does not come forward and run for the party presidency himself, and asks Yonezawa about such calls. Yonezawa admits that some people hold such views, but adds: "The man himself, I think, does not want to come out to the front."

The guest commentators and moderators talk about the problem of people becoming distanced from domestic politics in general as demonstrated by the lack of interest shown in the formation of the new party, the NFP, and the topic of discussion turns to the issue of some opposition dietmembers—including former DSP chairman Keigo Ouchi—deciding not to join the new party. Calling the departure of Ouchi from the party "Ouchi shock," Kuroiwa asks Yonezawa for his comment.

Yonezawa, the current head of the DSP, says: "As far as the DSP is concerned, all decisions relating to political realignment and the formation of a new party have been made through appropriate channels of party authority. I regret very much that he has to say he will not join the new party—at this final stage."

The topic of discussion turns to the general problem of domestic politics, and commentator Takemura points out that the new party would be meaningless unless it could come up with "something new." Another commentator, Iwami, suggests the Democratic Liberal League, a group within the Social Democratic Party of Japan (SDPJ), could be thinking in a new way and could offer something now. But Yonezawa says he cannot understand what the Democratic Liberal League wants to do. He says: "I cannot understand their concept of being democratic liberals. Sometimes it appears extensive and expansive, but at other times it appears to

indicate certain limitations. I think the concept of liberalism has not settled down and has not taken root in Japan yet. The meaning of the word differs according to the person using it."

Kuroiwa brings up the question of when the next general election will be held, and asks for Yonezawa's forecast on it. Yonezawa says: "I will not be surprised if the current Diet is dissolved sometime in January or February." Then he adds: "If the election is not held in January or February, I think it is probable that the election will not come until autumn next year. That is what I believe."

Majority Said To Expect Less From New Party

OW3011095794 Tokyo YOMIURI SHIMBUN in
Japanese 29 Nov 94 Morning Edition p 1

[FBIS Translated Text] Although various moves concerning the formation of a new party have now become the focus of the political situation, a majority of the people do not place their hope on such moves, viewing them coolly. This was revealed by a nationwide YOMIURI SHIMBUN survey conducted 19-20 November.

While a little more than 20 percent of respondents are interested in the formation of Shinshinto [New Frontier Party], about 40 percent want "the current coalition administration to remain in power" after the next general election. Thus, the survey results clearly indicated that the people desire to see stability in politics rather than change. Moreover, those who "have stopped supporting any particular party" over the past year accounted for nearly 20 percent of all the respondents. Citing the reason, more than half of them said "political parties are only engaging in maneuvers [kakehiki], ignoring the general public." It has been revealed that the frequent changes in power and the changing alignment of parties since last year have spurred the people to lose interest in politics.

On moves toward the formation of a new party, 24 percent of respondents said they are interested in the "new-new party (New Frontier Party), to be formed mainly by the former ruling coalition;" 23 percent showed their interest in a possible "new party between the LDP [Liberal Democratic Party] and the SDPJ [Social Democratic Party of Japan]; and 9 percent a "new democratic and liberal party to be formed mainly by right-wing SDPJ members." The percentage of those who are interested in the New Frontier Party, which will be formed soon, is almost the same as that of those who favor the idea of forming a new LDP-SDPJ party—though there have not yet been concrete moves to realize the idea. A "new liberal party," which is believed to become the key to the future political situation, drew extremely little interest. In this way, the survey clearly showed that there are gaps between the political world, which is unsettled over the new party issue, and public sentiment.

Those who "do not place hope" on such moves on the political scene accounted for 55 percent in total, leading the 41 percent who "entertain hope" by more than 10 percent. Of those who showed their expectations, 51 percent hope for "realization of stability in the politics"; 37 percent seek "realization of politics in which the people can see the leadership as well as the power to follow through on policies"; 32 percent want to see "reform of the political system"; and another 32 percent seek "realization of more democratic politics."

While 41 percent of respondents want the "current coalition administration" to remain in power after the next general election, only 22 percent want the "former ruling parties" to regain power.

On the other hand, 17 percent of respondents said they "have stopped supporting any particular party" over the past year. Among them, 39 percent previously supported the LDP; followed by the SDPJ at 25 percent; the Japan New Party at 23 percent; and Shinseito [Japan Renewal Party] at 16 percent.

Among the reasons cited by those who do not support any particular party are: 1) political parties are only engaging in maneuvers, ignoring the general public (41 percent); 2) they do not think Japan will improve regardless of which party they support; and 3) there are conspicuous internal conflicts among parties. However, 54 percent of those who "have stopped supporting a party in the past year maintained that politicians "do not care enough about the general public."

Former FTC Head To Testify Against Miyazawa
*OW0412120794 Tokyo KYODO in English 0857 GMT
4 Dec 94*

[FBIS Transcribed Text] Tokyo, Dec. 4 KYODO—The defense council of ex-Minister Kishiro Nakamura now on bribery trial has asked the Tokyo District Court to make a former head of the Fair Trade Commission (FTC) testify about ex-Premier Kiichi Miyazawa's alleged involvement in a bid-rigging case, legal sources said Sunday.

The testimony of former FTC head Setsuto Umezawa, 63, is scheduled at a court hearing Tuesday [6 November].

Former Construction Minister Nakamura, 45, who was charged with allegedly taking a bribe from leading contractor Kajima Corp. to pressure the FTC to drop charges, insists Miyazawa was involved in the case.

Nakamura's defense council has demanded it be allowed to cross-examine Umezawa against questions by prosecutors, and that it be permitted to question him about his knowledge of Miyazawa's alleged involvement in the case.

During questioning by prosecutors on Nov. 9, Umezawa said he was asked by Nakamura in January 1992 not to

file bid-rigging charges against the Saitama Doyo-Kai (Saturday Association), comprised of 66 contractors headed by Kajima Corp.

Nakamura is on trial along with former Kajima Vice President Shinji Kiyoyama on charges that Nakamura received 10 million yen from Kiyoyama in January 1992 as a bribe for pressuring the FTC to avoid filing charges against the Saitama Doyo-Kai.

At the time, Nakamura was acting head of the ruling Liberal Democratic Party's lobby of legislators concerned with revising the antimonopoly law.

At a court hearing in his trial on July 5, Nakamura admitted he had received the 10 million yen from Kajima, but said that it was not a bribe but a political donation.

Nakamura, who was released on bail later in July along with Kiyoyama, said then Prime Minister Miyazawa, then LDP kingpin Shin Kanemaru and Umezawa decided to drop the charges against the Saitama Doyo-Kai.

Miyazawa, under questioning by prosecutors in May, said Kanemaru had told him some members of the ruling party were opposed to the filing of the bid-rigging allegation, and that he had then met with Umezawa.

Miyazawa also said he remembered he had talked with Umezawa about the intraparty objection to the criminal accusation.

Umezawa announced on May 15, 1992 that the FTC decided not to file the criminal accusation against the Saitama Doyo-Kai.

Nakamura served as construction minister between December 1992 and April 1993 under Miyazawa.

MOF Bureaucrats Dominate Government Corporations

*OW3011065294 Tokyo MAINICHI SHIMBUN in
Japanese 28 Nov 94 Morning Edition p 1*

[FBIS Translated Text] As of 27 November, the results of a study by the ruling coalition parties' administrative reform project team (with Akio Nakajima as chairman) showed that in comparison with other government ministries and agencies, the Finance Ministry has sent a considerable number of former bureaucrats to serve as executive board members in government-affiliate special corporations. Currently there are 92 such corporations, and of 82 of these—which excludes all the separate Japan Railway (JR) companies, Nippon Telegraph and Telephone Corporation (NTT), and other corporations that have been privatized—there are 42 corporations in which bureaucrats hailing from the Finance Ministry are serving on the board of directors. This shows that the Finance Ministry dominates the scene.

The ruling parties' project team asked each government ministry and agency in charge of affiliate special corporations to submit a report on, among other things, the number of former bureaucrats currently serving as full-time board members in these corporations as of 1 April 1994.

In terms of which ministry or agency the board members in the 82 special corporations hail from, the study showed that the Finance Ministry ranks at the top with 50 former bureaucrats, followed by the Ministry of International Trade and Industry [MITI] with 44 and the Ministry of Agriculture, Forestry, and Fisheries [MAFF] with 40.

In terms of the number of different special corporations to which government ministries and agencies have sent former bureaucrats to serve as board members, the Finance Ministry stands out, having sent bureaucrats to 42 corporations, or over half the number. In comparison, MITI has sent bureaucrats to 22 special corporations, followed by MAFF with 16.

Moreover, while MITI and MAFF have sent 32 and 29 former bureaucrats, respectively, to special corporations directly under their jurisdiction, the Finance Ministry has only sent seven bureaucrats to serve as board members at the Japan Development Bank and two other special corporations directly under its jurisdiction. However, the Finance Ministry has sent 43 bureaucrats to 39 other special corporations that are under the direct jurisdiction of other government ministries and agencies.

Since the Finance Ministry is empowered to handle allocation of the national budget and treasury investments and loans, it is observed that the ministry is using this authority to its advantage to expand its influence to special corporations under the direct jurisdiction of other ministries and agencies.

North Korea

Pyongyang-U.S. Press Statement on Talks Reported

SK0312083794 *Pyongyang Korean Central Broadcasting Network in Korean 0805 GMT 3 Dec 94*

[FBIS Translated Text] The following is a joint press statement on the talks between the DPRK and the United States of America.

Delegations of the DPRK and the United States of America held talks in Beijing from 30 November to 2 December 1994 regarding the supply of light-water reactors to replace the DPRK's graphite-moderated reactors and related facilities. Both sides reaffirmed their intention to cooperate in concluding an agreement for providing light-water reactors to the DPRK within the period [kigan ane] set forth in the DPRK-U.S. basic agreement of 21 October 1994, and in accordance with

its terms. The talks dealt with complex matters, and were serious and useful. The two sides agreed to hold further talks in January 1995.

[Date] 2 December 1994, Beijing.

KCNA Carries Press Statement

SK0312050694 *Pyongyang KCNA in English 0500 GMT 3 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 3 (KCNA)—A joint press statement on talks between the Democratic People's Republic of Korea and the United States of America was published on December 2.

The joint statement reads:

Delegations of the DPRK and the U.S. met in Beijing from November 30 to December 2, 1994 to hold talks on the supply of light water reactor (LWR) power plants to replace the DPRK's graphite-moderated reactors and related facilities. Both sides reaffirmed their intentions to cooperate to secure the conclusion of an agreement for the provision of an LWR project to the DPRK within the time frame and in accordance with the terms of the DPRK-U.S. agreed framework of October 21, 1994. The talks addressed complex matters and were serious and useful. The two sides agreed to meet again for further talks in January, 1995.

Reactor Delegation to U.S. Returns Home 3 Dec

SK0312134394 *Pyongyang Korean Central Broadcasting Network in Korean 1310 GMT 3 Dec 94*

[FBIS Translated Text] A DPRK delegation led by Kim Chong-u, vice chairman of the External Economic Committee who participated in negotiations between the DPRK and the United States, held pursuant to the DPRK-U.S. basic agreement, on supplying light-water reactors, returned home by plane on 3 December. Vice Foreign Minister Choe U-chin greeted the delegation at the airport.

'Surprise Air Strike Exercise' Denounced

SK0412082294 *Pyongyang KCNA in English 0816 GMT 4 Dec 94*

["Surprise Air Strike Exercise Against North"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 4 (KCNA)—Overseas-based electronic jamming planes and scores of fighter bombers and assault planes on December 2 staged an exercise of striking ground target in coordination with more than 310 fighters belonging to the U.S. Seventh Airforce and the puppet airforce, with the sky above Tongduchon and Pochon area, South Korea, as the operational theatre, according to military sources.

This provocative rehearsal was a very dangerous war gamble of the U.S. imperialist warmaniacs and the puppets aimed at a surprise preemptive air strike at the northern half of Korea.

On December 1, a 105mm artillery group of the puppet army which moved to Yonchon County, Kyonggi Province, and Chorwon County, South Korean Kangwon Province, from the in-depth area to be deployed in firing positions fired about 300 shells toward the frontline areas.

Hundreds of armed bandits of the puppet army fired out some 1,200 bullets of large-calibre machine guns and automatic rifles towards the area adjacent to the Demilitarized Zone (DMZ) in Yonchon County under our very eyes.

These were premeditated provocative moves of the U.S. imperialist warmaniacs and the Kim Yong-sam fascist clique to deliberately screw up tensions on the Korean peninsula.

'Military Provocation' of 'Puppet Army' Decried

SK0412080994 Pyongyang KCNA in English 0802 GMT 4 Dec 94

[“Military Provocation in DMZ”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 4 (KCNA)—Several dozen puppet army bandits armed with machine guns and automatic rifles fired more than 100 bullets and exploded over 20 handgrenades in the Demilitarized Zone (DMZ) South of Yonghyon-ri, Kimhwa County, on December 1, according to military sources.

On December 2, several hundred puppet army bandits who made their way into the DMZ south of Chonamgari, Pyonggang County, Taedoksan-ri and Kukhwa-ri, Changpung County, whipped up the war atmosphere, wantonly wielding machine guns and automatic rifles in coordination with the puppet army soldiers deployed there.

This is a deliberate and premeditated provocation of the Kim Yong-sam fascist clique to push the situation on the Korean peninsula to confrontation and increased tensions, going against the aspirations of the nation for reunification.

ROK 'Operational Control' Transfer Criticized

SK0412083794 Pyongyang KCNA in English 0826 GMT 4 Dec 94

[“‘Independence’ Ballad of Colonial Lackeys”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 4 (KCNA)—The South Korean puppets are noisily advertising the transfer of “peacetime operational control of the Armed Forces” to them from the U.S. command,

describing it as an “exercise of sovereignty” and “independent national defense,” as if they have got something big.

Ridiculing this as an unseemly behaviour revealing the wretched sight of the colonial puppets who have been deprived even of the military operational command by a foreign country, a NODONG SINMUN analyst today says:

The South Korean puppets admitted this time that they have lost the operational control to an outside force for 44 years. This means that they admitted before the world public that South Korea is a colony down to the slightest detail.

Though the puppets claim that they have regained the “operational control,” such functions as the formulation of operational plans for a war time, joint exercises and early warning will be played as in the past by the U.S. command in South Korea. This indicates that the “transfer of the peacetime operational control” is a quite meaningless perfunctory step.

Such drama as “transfer of operational control” is useless, even if it is staged a hundred times, unless the South Korean society becomes independent.

ROK Still 'Marionette' of 'Outside Forces'

SK0312105194 Pyongyang KCNA in English 1042 GMT 3 Dec 94

[“True Color of Marionette Can Never Be Veiled”—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 3 (KCNA)—The South Korean puppets are now claiming that they have become able to “exercise sovereignty” with the transfer of “the peacetime operational control on the Armed Forces” to them from the United States. But this is a lie and the true color of the marionette can never be veiled.

MINJU CHOSON says this in a commentary today.

Though the puppets formally took over the “peacetime operational control” minus substance, the intrinsic nature of South Korea, a colony, remains unchanged, the analyst says, and continues:

As regards the transfer of “the peacetime operational control”, the puppets are now vociferating about “the exercise of sovereignty” and “foundation of self-supporting defence.” But this is a foolish trick to create the impression that South Korea has been freed from the system of military domination by outside forces, which is virtually kept intact.

Through the transparent artifice of the Kim Yong-sam group, however, the South Korean people have reaffirmed that, with it left alone, they can neither free themselves from the colonial yoke nor regain the dignity and sovereignty of the nation.

'Mastermind of Social Evils' Must Be Removed*SK0312103094 Pyongyang KCNA in English 1020
GMT 3 Dec 94*["Mastermind of Social Evils Must Be Removed"—
KCNA headline][FBIS Transcribed Text] Pyongyang, December 3
(KCNA)—South Korea has turned into a hell on the
earth in the late 20th century where the people have been
driven to the bottom of destitution and all manner of
social evils are rife. This is an immediate aftermath of
the Kim Yong-sam group's traitorous policy. So, the
South Korean people must rise up massively to get rid of
the puppet clique.NODONG SINMUN says this in a by-lined article
today.Though the traitor Kim Yong-sam, in his "inaugural
address" last year, blared that he would "create a new
Korea" by curing "the South Korean disease" such as the
hardships of life, irregularities and crimes, the South
Korean reality proves that his promise is nothing but an
empty talk, the article says, and continues:The people's livelihood has become a serious social
problem in South Korea. Economic bankruptcy has
caused the increase of unemployment and a rise in
prices, driving the people's livelihood to the danger line.Irregularities by the ruling circles have become preva-
lent. Such large-scale scandals as the money envelope
case at the Labor Committee of the puppet National
Assembly and embezzlement of taxes by Puchon city
officials have been reported one after another.Murder cases including the kidnapping and murder of
women, gang robbery, flesh traffic, rape, drug addiction
and other kinds of grave crimes have occurred. The
shocking crimes have become all the more vicious and
organized.The social evils which hold sway in South Korea reflect
the criminal nature of the Kim Yong-sam fascist clique.
The traitor Kim Yong-sam has received fat bribes from
companies and banks in return for "special favors"
granted to them, while crying for "the liquidation of
injustices" and "the eradication of crimes."With the Kim Yong-sam group left alone, it is impossible
for the South Korean people free themselves from their
present conditions and enjoy an independent and cre-
ative life.**'Deliberate Provocation' by ROK Alleged***SK0312101494 Pyongyang KCNA in English 1004
GMT 3 Dec 94*

["Provocation of Warlikers"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 3
(KCNA)—The traitor Kim Yong-sam called togetherpuppet military bosses on December 1 and cried that "a
strong security posture must be maintained to cope with
the North's possible provocations against the South,"
according to a radio report from Seoul.On the same day, Chairman of the Joint Chiefs of Staff
Yi Yang-ho called a "meeting of leading operational
commanders of the whole army" and made the bellicose
remarks that the U.S.-South Korea "joint defence system
must be strengthened" and "all efforts must be directed
to the training of units".A well-planned and deliberate provocation against the
North, this well shows that the South Korean rulers do
not want the relaxation of the tensions on the Korean
peninsula at all and are not interested in the North-South
dialogue but are hell bent on overpowering our republic
by force of arms with the help of outside forces.Kim Yong-sam's outcry over "the North's provocations
against the South" is nothing but an artifice to justify his
design for a war against the North.The South Korean puppets are ceaselessly staging mili-
tary exercises of various names including the "Eagle 94"
joint manoeuvres and committing military provocations
in the sky, on the ground and in the sea almost every day,
while letting out bellicose war blasts whenever an oppor-
tunity presents itself. No one can vouch that these very
ill-boding military moves will not develop into a war.If the Kim Yong-sam group dare choose the road of an
adventurous war in defiance of our repeated warnings, it
will have to pay a dear price for it and meet its destruc-
tion.**Paper Urges Overthrow of Kim Yong-sam
Government***SK0412083294 Pyongyang KCNA in English 0822
GMT 4 Dec 94*["Kim Yong-sam Must Be Overthrown Without
Delay"—KCNA headline][FBIS Transcribed Text] Pyongyang, December 4
(KCNA)—Never to be condoned are the crimes of the
Kim Yong-sam group in turning South Korea into a
theatre of fascist rowdyism, a barren land of democratic
civil rights and a living hell worse than under the
preceding military dictatorship, declares NODONG
SINMUN in an article today.Exposing the brutalities committed by the traitor Kim
Yong-sam in one year and nine months after he took
office, the by-lined article headlined "People Will Not
Leave Alone the Fascist Murderers" says:Unshakable is the will of the South Korean people to
make the Kim Yong-sam group pay for the blood they
have shed by bringing down a sledgehammer on its head.The traitor Kim Yong-sam under "civilian" mask is a
fascist murderer who is, virtually, not different from the

preceding military fascist dictators. All the barbarities he has committed after he took power are the worst things putting preceding dictators into the shade.

The Kim Yong-sam group, far from expressing condolences over the misfortune of the fellow countrymen, leveled the gun at them and cracked down ruthlessly upon the South Korean people who wanted to share the sorrow with the fellow countrymen in the North. This was a barbarous act previously unknown.

Since it has become evident that the "civilian politics" advertised by Kim Yong-sam is an utter fake and he is doing only harm to the country and the nation, he must be toppled without delay. This is the conclusion drawn by the South Korean people from the traitor Kim Yong-sam's office of one year and nine months.

The destiny of the traitor Kim Yong-sam has already been sealed.

Kim Yong-sam should scrap all the institutional devices for destroying democracy and violating human rights and step down voluntarily before it is too late, mindful that his fascist "new security-oriented policy" will only precipitate his own ruin.

ROK Students Demand Action on 12 Dec Incident

*SK0412081594 Pyongyang KCNA in English 0804
GMT 4 Dec 94*

[FBIS Transcribed Text] Pyongyang, December 4 (KCNA)—More than 200 students affiliated with the South Korean Federation of General Student Councils (Hanchongnyon) staged a demonstration on December 1, demanding a legal action against the chief culprits of the "December 12 army purge coup" of 1979, according to a radio report from Seoul.

Enraged at the act of the "civilian government" in defending Chon Tu-hwan, No Tae-u and other criminals who rose in a revolt to seize power, the demonstrators marched toward "Chongwadae" [presidential offices] from Sagan-tong, Chongro District, Seoul, to lodge a protest with the traitor Kim Yong-sam.

ROK, Japanese 'Military Exchange' Denounced

*SK0312045594 Pyongyang KCNA in English 0445
GMT 3 Dec 94*

["Ill-Advised Military Tieup"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 3 (KCNA)—A training fleet of the South Korean puppet navy will reportedly call at Japan toward the end of December.

This call projected under the cloak of "military exchange" tells that the desperate acts of the Japanese reactionaries and the South Korean puppets to overpower the Democratic People's Republic of Korea with strength by tightening their military tieup have reached a dangerous stage.

It is a very ill-boding military move for the Japanese reactionaries, who are watching for a chance of overseas aggression on a springboard, to accept the training fleet from South Korea and dispatch their fleet in return. This fully reveals the sinister design of the Japanese reactionaries to establish their military control on South Korea and stretch out their crooked hands of reinvasion deeply into the Korean peninsula.

We are incensed at the anti-national crime of the Kim Yong-sam group in flinging open the door to the Japanese samurais who are frantically whetting the sword of reinvasion.

The Japanese reactionaries and the South Korean puppets are scheming to provoke us, tightening the military tieup. But, this is a foolish act.

The Japanese reactionaries must clearly see the might of the singlehearted unity of the Korean people and stop running amuck. And the South Korean rulers must not resort to treacherous acts for doing harm to the nation but step down from power at an early date.

Japan Cannot Erase Fame as 'Enemy State'

*SK0312104994 Pyongyang KCNA in English 1039
GMT 3 Dec 94*

["Japan Cannot Erase Its Ill Fame as 'Enemy State'"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 3 (KCNA)—Japan, which has refused to liquidate the history of aggression and make an honest apology and compensation for the damages and crimes against the Korean people and other Asian peoples, though nearly 50 years have passed since the war, can never erase its ill fame as "the enemy state," says NODONG SINMUN in a by-lined article today.

Recalling that the issue of erasing the paragraph concerning "the enemy state" from the UN Charter was discussed recently at the United Nations, the article says:

It is only too natural that Japan is defined as "an enemy state" in the UN charter. But Japan, far from feeling ashamed of it, has persistently evaded the post-war settlement and liquidation of her past, which are an indispensable prerequisite to wiping out the stain on her name.

The article further says:

The Korean people still regard Japan as an enemy of peace and "the enemy state." This feeling will not be dissipated as long as Japan evades the honest liquidation of the past which is understandable to the Korean people and other Asian peoples.

If Japan, an aggressor state in the past, is to cleanse her dishonor as "the enemy state," she must win the confidence of Asia and the world by promising not to repeat the crime-woven history and giving up militarism while

honestly liquidating her past. However, the ultranationalists who have raised their heads in the political circles of Japan persistently refuse to make a legal promise not to start a war and, on the contrary, embellish the aggressive acts of the Japanese imperialists.

Japan's arms buildup and the increasing threat of aggression posed by her remind one of the Japanese imperialists who committed all sorts of barbarities and outrages as "an enemy state" of the peaceloving nations.

If the Japanese authorities feel ashamed of the paragraph of the UN Charter concerning "the enemy state", they must honestly liquidate the past of Japan and win the confidence of the peoples of Asia and the world.

Daily: Kim Il-song Is Immediately Kim Chong-il

SK0512101294 Pyongyang KCNA in English 1004 GMT 5 Dec 94

[**"Great Faith"**—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 5 (KCNA)—"When the leader is great, so are the people and when his faith is great, so is the people's faith. The revolutionary faith of our people today, which is unshakable in any trial, is the great faith of the dear leader Comrade Kim Chong-il," declares NODONG SINMUN today.

In a political essay entitled "The Great Faith", the daily notes that it is the great will running through all the ideas and leadership of the dear leader to accomplish the revolutionary cause of *chuche* pioneered by the great leader Comrade Kim Il-song.

Dear Comrade Kim Chong-il is the incarnation of faith. He is the great leader who, with faith, defends the authority and exploits of Comrade Kim Il-song, and is carrying his cause most creditably to accomplishment, it stresses.

It continues:

It is the faith of the dear leader Comrade Kim Chong-il to hold the great leader Comrade Kim Il-song in high esteem forever and successfully fulfil to the letter what the great leader intended in his lifetime.

It is the determination and will of the dear leader to firmly defend and honor the idea and feats of the great leader in any adversity and accomplish his cause, surmounting manifold difficulties lying ahead.

Ours will always remain the idea, the party and the Army of Comrade Kim Il-song. This is the faith of our dear leader Comrade Kim Chong-il who is carrying the revolutionary cause of *chuche*, the cause of Comrade Kim Il-song, to accomplishment.

Our faith in Comrade Kim Il-song's revolutionary cause of *chuche* is the determination always to remain loyal to dear Comrade Kim Chong-il, the great leader.

Comrade Kim Il-song is immediately Comrade Kim Chong-il, and vice versa.

The revolutionary cause of Comrade Kim Il-song will be steadfast and we will always emerge victorious as long as we are guided by Comrade Kim Chong-il.

Let us accomplish the revolutionary cause of *chuche* started in Mt. Paektu, more closely rallied in one mind around the dear leader Comrade Kim Chong-il. This is our faith, the great faith of Korea, which is now growing stronger.

Hong Song-nam Addresses Labor Functionaries

SK0212100194 Pyongyang Korean Central Broadcasting Network in Korean 1012 GMT 1 Dec 94

[Report by Hong Song-nam, vice premier of the Administration Council, at the national meeting of labor administration functionaries held at the People's Palace of Culture in Pyongyang on 1 December—recorded]

[FBIS Translated Text] Comrades:

We are holding the national meeting of labor administration functionaries at a historic time when all people across the country are vigorously turning out to thoroughly implement the party's revolutionary economic strategy and carry through the revolutionary cause of *chuche* to the end in single-hearted unity around the dear leader Comrade Kim Chong-il with rock-firm conviction to uphold the great leader Comrade Kim Il-song forever, from generation to generation.

The great leader [yongdoja] of our party and our people Comrade Kim Chong-il, who is always paying deep attention to the labor administration work while giving great importance to this work, showed his benevolent consideration by planning [momso maryon] the national meeting of labor administration functionaries and sending a congratulatory message of the party Central Committee to the meeting participants. [applause]

This is an expression of our party's great trust and high expectation in the meeting participants and the labor administration functionaries, which brings us the highest honor and the greatest happiness. [applause]

In the congratulatory message, the party Central Committee made much of the success achieved in implementing our party's *chuche*-oriented labor policy in the previous period; and specified the tasks to further implement the party's revolutionary economic strategy and accelerate the country's economic construction by further improving and intensifying the labor administration work in conformity with the demands of the developing reality.

The meeting participants and the labor administration functionaries across the country, who have received with swelling emotion and excitement the party Central Committee's congratulatory message, are overfilled with the

burning resolve to effect a new turn in the labor administration work by firmly grasping the party's labor policy and thoroughly accomplishing the militant task given in the congratulatory message.

In September 1979, the great leader Comrade Kim Il-song delivered a programmatic speech entitled "Let Us Thoroughly Implement the Socialist Labor Law!" at the national meeting of labor administration functionaries, the first of its kind held in our country. In November 1989, the dear leader Comrade Kim Chong-il sent the historic letter "On Further Improving and Intensifying the Labor Administration Work" to the participants in a national training course for the labor administration functionaries across the country. [applause]

This meeting, which has been convened on the 15th anniversary of the delivery of the great leader's programmatic speech and on the fifth anniversary of the release of the dear comrade leader's historic letter, will discuss the tasks and measures to vigorously accelerate the economic construction by summing up the achievements and experiences made in the labor administration work in the previous period, by improving and intensifying the labor administration work in conformity with the demands of the developing period of the present moment, by defending and safeguarding our country's socialist labor system, and by displaying its superiority and vitality.

This meeting, which is being held in the midst of the great attention and expectation of the workers and labor administration functionaries across the country, will serve as the opportunity to effect an epoch-making turn in thoroughly implementing the party's labor policy, and improving and intensifying the labor administration work. [applause]

Comrades: Labor administration work is of great significance in carrying out the socialist, communist cause.

The great leader Comrade Kim Il-song taught: We can say that the quick construction of socialism, communism depends, in the long run, on how to help display the workers' creativity and talents; how to organize and utilize social labor; and how to quickly increase labor productivity.

Labor administration work in socialist society is political work—the work with people—in which the workers, who are the masters of labor, produce, organize, and command independent and creative labor activities.

The question to endlessly improve and intensify labor administration work is an essential demand to supply people with a rewarding and a happy life; and is an urgent question to accelerate the socialist economic construction, and to defend, safeguard, and add luster to our-style socialism.

Since the democratic reform of the colonial labor system was carried out after national liberation half a century

ago, the labor administration work in our country has traversed the single road to proud victory and glory, along with the glorious history of building a new fatherland, under the wise leadership of the great leader Comrade Kim Il-song and the respected and beloved leader [chidoja] Comrade Kim Chong-il. [applause]

While brilliantly embodying the immortal *chuche* idea in labor administration work, the great leader Comrade Kim Il-song created a new, original people-centered ideology and theory on labor administration to solve labor administration-related questions by placing people in the center; and to organize and command the labor life in such a way as to enhance the role of the popular masses; and wisely organized and led the struggle to realize such an ideology and theory.

Even during the period of the anti-Japanese revolutionary struggle, the great leader Comrade Kim Il-song made a comprehensive compilation of a democratic, revolutionary labor program—including the abolition of slave labor and the enforcement of the eight-hour work day—in the 10-point program for the (?liberation) of the fatherland; and made precious achievements and achieved sufficient experience in the struggle to realize the program, thereby providing a brilliant tradition for the solution of labor questions. [applause]

Even under the difficult and complicated circumstances in which he was carrying out the cause to build the party, the country, and the armed forces after the national liberation on the basis of the glorious anti-Japanese revolutionary tradition, the great leader enacted and promulgated the labor law—following the land reform law—thereby completely liquidating the colonial slave labor system of the Japanese imperialists, which had lasted for nearly half a century; establishing a democratic labor system; and vigorously encouraging and giving impetus to our people enjoying a rewarding life and building a new fatherland. [applause]

In our country, the establishment of the socialist system was a historic event that effected an epoch-making turn in the workers' labor life.

The great leader Comrade Kim Il-song gave a profound ideological and theoretical elucidation to the labor questions newly arising from the fact that the socialist system had been established and the socialist construction had been intensified; thus he provided a method to solve such questions in an overall way.

On the basis of the profound principle of the *chuche* idea, the great leader formulated, in a classical way, labor administration work in a socialist society by stating that the labor administration work is not a simple administrative, practical work of deploying and managing labor power, but a political work—the work with people—of helping display the workers' revolutionary enthusiasm and their creative positiveness, thereby eliminating all legacies in the labor life that the obsolete society had left and providing a powerful ideological, theoretical weapon

so the labor administration work can march forward in conformity with the intrinsic demands of the socialist society. [applause]

The socialist labor law provided by the great leader is an excellent and revolutionary labor program that has brilliantly thrown light upon the road to an ultimate solution of the labor question and upon the *chuche*-motivated (?war method) that elevates the status and role of the working masses to the highest level of labor and that most thoroughly protects their rights and interests.

The great achievements that the respected and beloved leader [suryongnim] made in the labor administration field—while creating the immortal *chuche* idea early on and leading the entire historical course of the Korean revolution, which was arduous and complicated, along the single road to victory and glory—will be kept deep in the hearts of all of our people and labor administration functionaries forever as an endless source of admiration and loyalty, and will be handed down for generations to come. [applause]

The great leader [yongdoja] of our party and people, Comrade Kim Chong-il, who has brilliantly inherited and accomplished the great leader's revolutionary cause, has led wisely so that the genuine superiority and vitality of our own style of socialist system can be highly displayed by endlessly helping to improve and intensify the labor administration work in conformity with the demands of imbuing the entire society with the *chuche* idea.

In his numerous classical works, the dear comrade leader, who is making immortal contributions to the development of mankind's ideology with extraordinary ideological and theoretical wisdom, and with profound and energetic ideological and theoretical activities, has further developed and enriched the great leader's *chuche*-oriented ideology and theory on labor administration and has systematized such ideology and theory in a monolithic way.

In the previous period under the wise leadership and meticulous care of the dear comrade leader, our labor administration work completely did away with the administrative, practical style of deploying and managing labor power, and basically turned into an our-style labor administration work that sticks to the (?people-centered) ideology in conformity with the intrinsic demands of the socialist society; it further intensified and developed as the most revolutionary labor administration work for which the state assumes total responsibility for taking care of the workers' labor life. [applause]

[Begin announcer recording] The speaker went on to point out in detail the proud success and experience achieved in the field of labor administration under the wise leadership of the fatherly leader and the dear comrade leader.

He said that today, the labor administration sector is faced with the honorable task of making active contributions to further increase the might of our style of

socialism centered upon the popular masses and to more highly display its genuine superiority and vitality, while upholding party leadership [yongdo] under the changed [pyonchondo] situation. He continued as follows. [end announcer recording]

We should absolutely worship [sungbae] and follow to the end the dear comrade leader, while holding the firm revolutionary view of the leader [suryong]. No matter what kind of storms may blow and no matter how many times the world may change, we should become genuine loyalists and boundlessly dutiful sons who safeguard the comrade leader in a death-defying manner.

We should think and act only in accordance with the party's idea and intention at any place and at any time, and should carry on an uncompromising struggle against the antiparty, antirevolutionary ideological currents which run counter to our party's ideology—including flunkeyism, dogmatism, and revisionism—while firmly arming ourselves with our party's revolutionary ideology, the *chuche* idea, and while making loyalty to the party a conviction, a conscience, and a moral daily routine.

All our economic guiding functionaries and labor administration functionaries should consolidate as firm as a rock the single-hearted unity of the party and the revolutionary ranks centered around the dear comrade leader by inheriting the tradition of unity and cohesion, which were achieved in the pioneering period of the Korean revolution, in a pure-minded way; they should achieve endless upsurges in revolution and construction, while smashing all kinds of (?challenges) from the imperialists by using the might of single-hearted unity.

All labor administration functionaries should bring about a new turn in labor administration work by upholding the programmatic tasks put forward by the dear comrade leader in his historic letter to the participants of the national lecture meeting of labor administration functionaries, entitled "On Further Improving and Intensifying the Labor Administration Work," and in his other classical works, as well as the tasks set forth by the message of congratulations from the party Central Committee. Thus, we should make a positive contribution to implementing the party's revolutionary economic strategy.

We should more substantively carry out, using various forms and methods, indoctrination work in order to establish a *chuche*-based outlook on labor among the workers.

For the workers to establish the traits of revolutionary labor life, they should regularize and standardize their labor life. What is most important in regularizing and standardizing labor life by the workers is to strictly abide by the socialist labor law as well as labor rules and regulations.

All economic guidance functionaries and labor administration functionaries should reasonably organize labor

power and should produce more by actively discovering labor power reserves. Thus, they should see to it that the party's revolutionary economic strategy is thoroughly implemented.

Above all, they should satisfactorily meet the demand for labor power in implementing the party's agriculture-first, light industry-first, and trade-first policy.

With a view to effecting a new turn in the people's living conditions by implementing the party's revolutionary economic strategy, we should enhance the role of the county. By enhancing the responsibility and role of county labor administration organizations, we will effectively mobilize and utilize to the maximum the labor power reserves and labor power resources in the county. Thus, we should make better contributions to enable the county to manage its household by itself.

For one to correctly implement the socialist labor remuneration system, one should properly carry out the task concerning work norms.

It is an important method for innovating work norms in accordance with the demand to develop the reality in order to vigorously carry out the movement to create new standards and records.

Improving conditions in the workers' labor life is a very important task laid before the labor administration sector. Above all, we should correctly establish the revolutionary outlook of the masses, and should thoroughly implement the party's policy of giving precedence to labor protection work over production.

By upholding the great leader Comrade Kim Il-song's lifetime teaching that supply service work is very political work, we should pay keen attention to satisfactorily insuring the workers' living conditions at home [hubang saenghwal chokon].

By cherishing with rock-firm faith that as long as there is a dear comrade leader we will be victorious, all labor administration functionaries should effect a new turn in labor administration work by upholding the revolutionary banner of self-reliance and arduous struggle—the banner of single-hearted unity—and thus should repay without fail our party's deep trust and expectations with loyalty and filial piety.

Let us all vigorously march forward to strengthen and develop our own style of socialism and expedite the final victory of the *chuche* revolutionary cause by upholding the dear leader Comrade Kim Chong-il in firm unity with the comrade leader, and by overflowing with faith in certain victory and optimism.

Long live Comrade Kim Il-song, the great leader [suryong] of our party and people! [applause and shouting of hurrah]

Long live Comrade Kim Chong-il, the great leader [yong-doja] of our party and people! [applause and shouting of hurrah]

Han Song-yong Reads WPK Congratulatory Message

SK0212055794 *Pyongyang Korean Central Broadcasting Network in Korean 1003 GMT 1 Dec 94*

['Congratulatory Message' from the Workers' Party of Korea, WPK, Central Committee to the national meeting of labor administration functionaries held at the People's Palace of Culture in Pyongyang on 1 December, read by Han Song-yong, secretary of the WPK Central Committee—recorded]

[FBIS Translated Text] The congratulatory message to participants of the national meeting of labor administration functionaries:

By deeply cherishing rock-firm faith in their hearts to uphold the great leader Comrade Kim Il-song forever, generation after generation, all the people across the country unanimously rose in the struggle to carry to accomplishment the *chuche* revolutionary cause by following our party's leadership to the end. The national meeting of labor administration functionaries is held under these circumstances.

The meeting is being held on the occasion of the 15th anniversary of publication of the immortal classical work, "Let Us Thoroughly Implement the Socialist Labor Law," by the great leader Comrade Kim Il-song. The meeting will be an important occasion for highly displaying the genuine superiority of popular mass-centered socialism of our own style by demonstrating the justness and vitality of our party's labor policy and by effecting an epoch-making turn in labor administration work.

The Workers' Party of Korea [WPK] Central Committee sends warm congratulations to all participants of the meeting and labor administration functionaries across the country, who are devotedly struggling to improve and strengthen labor administration work by upholding the party's leadership and who are thus actively contributing to accelerating socialist construction. [applause]

The labor administration work in socialist society is the political work—the work with people—that inspires the ideological consciousness and the creative might of those who participate in social labor.

Based on his deep insight into the significance of labor in social life and into the position of labor administration work in socialist economic management, the great leader Comrade Kim Il-song created *chuche*-oriented labor administration theory and wisely organized and led the struggle for implementation. Thus, he established a genuine socialist labor system of our own style that brings the independent and creative labor life of the popular masses into full bloom.

The labor administration functionaries thoroughly implemented the party's labor policy by upholding the leadership of the party and leader [suryong] and thus

greatly contributed to defending, protecting, and further glorifying the socialist labor system.

The labor administration functionaries vigorously carried out the struggle to turn the labor administration work into political work—the work with people—and to establish revolutionary traits of labor life in the whole society. They encouraged the workers to work devotedly in their assigned outposts for the party, for the leader [suryong], for the fatherland and for the people, irrespective of rank and the nature of their occupation; and to voluntarily take charge of difficult outposts needed by the party. Thus, they actively contributed to making the workers display beautiful communist customs.

The labor administration functionaries reasonably organized the social labor system and effectively utilized manpower resources. They expanded and developed production and built a great number of monumental creations in the era of the Workers' Party. Thus, they contributed to accelerating the socialist construction and to renovating the appearance of the whole country.

By precisely observing the popular policies of the party and the state, the labor administration functionaries attained great success in actively protecting workers and in ensuring more secure and modern labor conditions and affluent and civilized living conditions.

Today, all workers in our country are participating in socialist construction worthy of masters according to their wishes and ability without worries about their jobs, thus working diligently and sincerely. By harmonizing labor, study, and recreation, they are enjoying happy and worthy lives.

The labor administration functionaries excellently implemented the party's labor policy by cherishing a lofty sense of loyalty to the party and the revolution, and established revolutionary traits of labor life across the country. Thus, they actively contributed to bringing the worthwhile labor life of the working popular masses into full bloom.

The WPK Central Committee highly assesses the achievements of functionaries of the labor administration sector. [applause]

Today, labor administration functionaries are faced with a weighty yet glorious task to thoroughly implement our party's revolutionary economic policy by upholding the great leader Comrade Kim Il-song's lifetime teachings and to effect a new turn in labor administration work in order to further glorify socialism of our own style.

The great leader Comrade Kim Il-song has taught: Improving labor administration work is a very important task that has been raised throughout the whole course of socialist construction.

By upholding the party's slogan: "Let us more thoroughly arm ourselves with the revolutionary ideas of the

great leader Comrade Kim Il-song!" the labor administration functionaries should strengthen the work of establishing a chuche-oriented outlook of labor among the workers, and should encourage all workers to love and sincerely participate in labor. In particular, they should direct efforts to urge youth of the new generation to work voluntarily for society and for the people with a correct awareness of labor.

The labor administration functionaries should broadly introduce and propagandize in various forms and methods to workers the precious example of a life of labor displayed by functionaries of the Chonchong County work management office and functionaries of Maengsan County. They should actively popularize the example of labor innovators who are sincerely working for society and for groups.

The work of ensuring the successful implementation of the party's revolutionary economic strategy with labor power by effectively utilizing labor power resources is one of the core tasks laid before the labor administration sector at present.

By thoroughly implementing the party's agriculture-first, light industry-first, and trade-first policy, the labor administration functionaries should decisively enhance the people's living standard and should continually develop the metallurgical industry by giving priority to the coal and electric power industries and railway transportation, which are precedent sectors in the national economy. Thus, they should satisfactorily resolve the demand of labor raised in the rapidly developing overall national economy.

In particular, they should settle down rural labor power by constantly focusing on resolving problems regarding rural labor power, and should send idle labor power to the rural areas in a planned manner in order to resolve the strained situation in rural labor power [nongchon noryogui kinjangsongul pulmyo]. Thus, they should make all cooperative farms wage the struggle to safeguard their farms with their own strength without asking for the support of labor power from others.

The labor administration functionaries should arrange labor power in a reasonable and balanced manner based on the principle of enhancing the weight of labor power in the production domain and in the direct branch [chikchop pumun] and of reducing the weight of labor power in the nonproduction sector and supplementary and indirect fields.

The labor administration functionaries should always grasp the actual labor power utilization status in plants and enterprises and should establish measures for effectively using labor power. By intensifying labor power management technics and labor administration discipline, they should prevent the phenomenon of abusing and neglecting production labor power in a disorderly manner from occurring.

By vigorously carrying out the technological revolution in compliance with the demand of the reality in which science and technology are rapidly developing, the labor administration functionaries should accelerate chuche-orientation, modernization, and scientification of the national economy, and should thoroughly establish measures for enhancing the level of technics and skills of the workers. Thus, they should see to it that all domains and all units carry out the movement to create new standards and new records broadly and substantively, and should constantly enhance efficiency in labor productivity.

It is an important mission of labor administration functionaries to implement correctly the labor remuneration system in accordance with the demand of the socialist distribution principle.

The labor administration functionaries should establish and innovate labor conditions in a scientific manner in accordance with the level of technology and equipment of production processes and with the labor ability of workers. They should precisely accept the reasonable labor (?payment) formula.

The labor administration functionaries should guarantee more secure and sanitary working conditions for workers in accordance with the original nature of popular mass-centered socialism of our own style. By intensifying the labor protection and support work, they should correctly implement the state and social insurance system and social security system so benefits granted to the workers by the party and the state are correctly provided.

All labor administration organizations and labor administration offices should strengthen supervisory and control work so that the party's labor policy, the socialist labor law, the standard labor rule, and other labor regulations are strictly observed. Thus, they should see to it that strict discipline and order are established in labor administration work.

The WPK Central Committee firmly believes that all functionaries in the labor administration sector throughout the country will tenaciously struggle to further consolidate and develop the socialist labor system with single-hearted unity with the party and will effect a new revolutionary upsurge in socialist construction. Thus, they will repay the deep confidence and expectations of the party with loyalty. [applause]

[Signed] WPK Central Committee
[Dated] 1 December 1994 [applause]

Electrification of Railway Lines Urged

SK0512092994 Pyongyang MINJU CHOSON in
Korean 10 Nov 94 p 3

[Article by Kim Yong-sam, chief of staff at the Ministry of Railways: "Important Task To Increase the Might of the Electrification of Railways"]

[FBIS Translated Text] The question of more smoothly guaranteeing railway transport is one of the important tasks arising from accomplishing the great leader's last wishes.

Only when we more smoothly guarantee railway transport in conformity with the demands of the developing reality and when we help the railways excellently fulfill their duty as the forerunner of the people's economy, can we forcefully accelerate the country's overall economic construction by transporting the increasing volume of raw materials and fuel at the right time, and can we achieve great successes in carrying through the party's revolutionary economic strategy.

Currently, it is very important to increase the might of the electrification of the railways with regard to more smoothly guaranteeing the railway transport.

The great leader Comrade Kim Il-song taught: "Together with the electrification of railways, we should also press ahead with the technical reconstruction of railways, such as replacing railway rails with heavy-duty ones and producing many heavy-duty freight cars."

To increase the might of the electrification of railways means helping the work of electrifying railways bear good fruit; and what is needed basically in this point is the work of carrying out the technical reconstruction which helps electric locomotives give full play to their ability in hauling trains.

To increase the might of the electrification of railways is an important demand to thoroughly accomplish the party's policy of bringing about a revolutionary change in transport.

Under the wise leadership [yongdo] of the party, an innovative success has been achieved in electrifying the railways in our country. We will be able to transport much more cargo than now when we help the electrification of railways bear good fruit.

Therefore, the railway transport sector should firmly hold at its disposal the question of increasing the might of the electrification of railways, regarding it as an important question to more smoothly guarantee railway transport.

First of all, it is necessary to make the importance of increasing the might of the electrification of railways recognized.

To help the electrification of railways bear good fruit is not a simple and practical work. It is an important, rewarding work to add luster to the immortal achievements of leadership made by the great leader and the dear comrade leader.

The hauling of trains by the electrified locomotives serves as the most effective method of hauling trains in the railway transport in our country which has many mountains, steep slopes, and sufficient electricity.

Early on, from the chuche-motivated standpoint, the great leader defined the electrification of railways as the basic policy to develop the railway transport and wisely led so that such electrification can be realized.

Holding high the burning flames of the speed battle, the dear comrade leader, who is shiningly embodying the great leader's wishes, has led so that we can push for the electrification of railways in a bold and audacious way, and has guaranteed, in every way, all conditions necessary for the relevant construction. Under the wise leadership of the party and the leader [suryong], our country has already manufactured innumerable [sumani] high-powered electric locomotives of various kinds, including the eight-axle shaft electric locomotives, with our own efforts and technology, and has introduced them into transport; and is electrifying even some of the branch railway lines and industrial railway lines which have not been electrified yet. Therefore, the potential of the railway transport has increased amazingly.

When we give full play to the potential of the railway transport, which has been provided as a result of increasing the might of the electrification of railways, we can achieve new upsurges in the railway transport in conformity with the great leader's last wishes and the party's intention.

The railway transport sector should make the functionaries and transport workers deeply perceive the importance of the electrification of railways, thereby helping everybody continue to vigorously carry out this work with the loyalty to the party and with the high revolutionary enthusiasm.

To increase the capacity of the facilities and equipment of the railway transport is an important demand to increase the might of the electrification of railways.

We cannot make the electrification of railways bear good fruit by manufacturing electric locomotives and laying more electric wires alone. Only when we satisfy a series of technical conditions to increase the capacity of the facilities and equipment of the railway transport, including the introduction of heavy-duty rails and freight cars, can we make the electric locomotives give full play to their ability and more quickly transport more cargo.

In order for the electric locomotives, which have powerful tractive force, to transport more cargo, we should widely introduce the heavy-duty freight cars into railway transport. To this end, it is necessary to decisively increase the production of 100-tonne freight cars which have already been displaying their superiority in the railway transport. The 100-tonne freight cars are the cars, the number of whose axle shafts has been increased with a view to making the cars large-sized ones. It has been clearly corroborated that such cars satisfy the topographic conditions and the reality of railways in our country, and that such cars have enabled us to transport more cargo without laying new railway tracks.

What is important in increasing the production of 100-tonne freight cars is to insure maximum safety of their operation. For this, parts and accessories should be processed in accordance with the demand of design and technological index so that they will satisfactorily perform their functions.

Improving railroads' technological equipment and increasing the degree of their strength are an important precondition for proving the worth of railroad electrification. Only when technological equipment of railroads and the degree of their strength is enhanced in accordance with electrification of railroads, can the speed and pulling capacity of electric locomotives be increased and can heavy-duty freight cars carrying heavy cargo run safely. We should replace light-weight railroad tracks with heavy-duty ones, and should lay concrete-reinforced railroad ties. At the same time, we should improve the fixing device of railroad tracks and switches, and should satisfactorily carry out railroad repair work and railway bridge reinforcement. Thus, we should continually and positively work out a series of measures.

The unified transportation system by electric locomotives has been established in an orderly manner in our country under the wise leadership of the party. Under this condition, success in railroad transportation largely depends on the degree of guaranteeing electric power, which is the essential energy of pulling capacity of trains. Only when electric power is insured satisfactorily, can we normalize railway transportation at a high level.

Today, when the number of electric locomotives is increasing every day and more heavy-duty freight cars are introduced, the demand of electric power is rapidly increasing in railroad transportation. In compliance with this reality, the capacity of supplying electric power to railroads should be increased. For this, we should more reasonably establish the system of supplying electric power to railroads and should technically innovate existing electric power supply facilities so that their capacity is increased. In addition, we should carry out the work of building midway substations between operational districts of heavy-duty cargo trains.

We should properly carry out the organizational work with a view to successfully resolving the problems raised in strengthening the might in railroad electrification.

The work of strengthening the might of railroad electrification, including the production and introduction of a larger number of heavy-duty cargo trains and railroad tracks; increasing the degree of strength of railroads, and enhancing the railway's electric power supply capacity, is enormous and extensive. This work is to be carried out amid a close relationship with various other domains of the national economy. Therefore, only when the organizational work is carried out satisfactorily, can a great success be attained in this work.

The railroad transportation sector should precisely establish step-by-step goals, and should tenaciously carry out all raised tasks in the manner of a speed battle and an exterminatory war.

For this, we should properly carry out the planning work. We should reasonably establish the precedence order in the course of planning work. We should organize the production in a far-sighted manner for technological reconstruction of railroads, and should pay special attention on the reasonable use of labor power and mechanical means.

Resolving first of all the problems raised in the district where operation of freight cars and heavy-duty trains is intense, is important in pushing ahead with the project of intensifying the might of railroad electrification.

For one to satisfactorily guarantee what the railroad transportation sector should insure pertaining to intensifying the might of railroad electrification, including production of 100-tonne freight cars and concrete-reinforced ties, one should enhance the responsibility and role of relevant plants under the Ministry of Railroads, and should concretely carry out the dovetailing work for securing materials.

The work of intensifying the might of railroad electrification can be successfully carried out when it is supported by other national economy sectors. What is earnestly needed in doing this is for the metallurgical industry sector to supply sufficient quantities of steel and iron, including steel materials required for producing heavy-duty freight cars and rail tracks.

Only when the functionaries in the railroad transportation sector have lofty revolutionary spirit and combat power, can they satisfactorily carry out the organizational work and enhance overall achievements in the struggle to intensify the might of railroad electrification.

Functionaries in the railroad transportation sector should deeply infiltrate into the realities according to the demand of the work method of anti-Japanese guerrillas, and should vigorously organize and mobilize the masses so that they actively wage the work of intensifying the might of railroad electrification with the revolutionary spirit of self-reliance and arduous struggle. Thus, functionaries in the railroad transportation sector should highly demonstrate the spirit of resolving the impending problems by themselves in a responsible manner to the end.

It is an urgent issue for satisfactorily guaranteeing the increasing transportation demands to intensify the might of railroad electrification.

The railroad transportation sector should vigorously carry out the work of intensifying the might of railroad electrification with a sense of enhanced confidence in order to more satisfactorily guarantee railroad transportation according to the great leader's lifetime teaching and to the party's intention.

Technological Innovation in Economy Stressed

SK0412062094 Pyongyang MINJU CHOSON in Korean 9 Nov 94 p 2

[Article by Choe Chong-hon: "Technological Innovation Is an Important Key To Implementing the Party's Economic Strategy"]

[FBIS Translated Text] Thanks to the vigorous struggle of the working people, who unanimously rose up throughout the country by upholding the great leader's [suryong] will and the party's plan, great success is now being achieved in socialist economic construction. Vigorously carrying out a technological innovation is one of the important keys to effect a greater upsurge in today's rewarding struggle as well as to thoroughly implement the party's revolutionary economic strategy.

The dear leader Comrade Kim Chong-il has indicated: "Technological innovation is an important key in accelerating socialist economic construction."

The technological revolution is a lifeline of socialist economic construction.

The socialist economy is a large, modern economy based on both the social possession of the means of production and on developing technologies, as well as a highly organized economy in which all economic activities proceed in a planned manner. In our country, all sectors and units of the national economy are closely linked to each other via relations between production and consumers. Also, all manpower and material resources throughout the country are distributed and utilized in a planned manner. We should accelerate the work to reconstruct technology in order to rationalize administrative activity and gain greater achievements in production and construction by harmoniously managing and operating the economy in conformity with the characteristics of the socialist economy. To achieve this, we should vigorously carry out technological innovation. Without constantly carrying out technological innovation, we cannot advance, even by a single step forward, the socialist economy, which is rapidly developing based on the technology of modern science.

Technological innovation in a socialist society can be carried out by the creativeness of the working masses. The popular masses are directly in charge of production and technology. We can successfully achieve the work to introduce new technologies and to manufacture new machines only if it is based on the might and wisdom of the popular masses.

Unlike capitalist societies—in which the people's interests conflict with each other as a result of individualism, and in which the work to reconstruct technology is used as a means to satisfy the desire for wealth of a small number of capitalists—in a socialist society, where the working popular masses become masters of the state and society, all working people are interested in the country's economic development and more actively participate in

carrying out technological innovation with their talent and zeal. When we vigorously carry out the mass-oriented technological innovation movement based on the zeal and creativeness of the popular masses, only then can we guarantee the reasonable combination of the productive elements. Also, we can enhance economic effectiveness by leading the working people to work easily. As a result, we can effect a new upsurge in all areas of socialist economic construction.

Vigorously accelerating technological innovation is an important demand to thoroughly implementing the revolutionary economic strategy presented by the party at present. To thoroughly implement the party's revolutionary economic strategy, we should concentrate efforts on developing agriculture, light industry, and foreign trade. Also, we should continue to develop the metal industry by firmly giving priority to the coal and power industries as well as the railway transport sector, which are the preferential sectors of the national economy. Whether or not we can successfully carry out such a grand task greatly depends on technological innovation. We should constantly innovate technology to strengthen the country's economic foundation in many ways and to further glorify the superiority of our country's socialist economic system by making the national economy chuche-oriented, modernized, and scientific; we should also more satisfactorily solve the people's food, clothing, and housing problems in conformity with socialist demands, and provide them with better independent and creative living conditions.

Technological innovation is an important key to implementing the party's revolutionary economic strategy because this will make it possible to efficiently use resources available in the country.

Efficiently using resources available in the country and, thus, fully demonstrating the might of the country's economic foundation is an important requirement for implementing the party's revolutionary economic strategy. Production processes are processes in which resources, fuels, and energy are consumed. Therefore, without satisfactorily solving problems of resources, fuel, and energy necessary for production, production cannot be normalized, the economic foundation that has already been built cannot prove its worth, and the party's economic strategy cannot be implemented successfully.

The party's revolutionary economic strategy contains our party's lofty intention to consolidate the foundation of the self-reliant economy rock-solid, satisfactorily provide conditions for people's lives in conformity with the socialist demands, and, thus, further glorify the popular masses-centered socialism of our own style. To thoroughly implement the party's grand plan and intention, we must develop production based on resources, materials, and natural resources available in our country.

Today, great upsurges are being scored in all fields of economic construction despite the imperialists' vicious

economic blockade maneuvers and the worldwide economic crisis. This is the valuable fruition of the leadership of our party, which, in the entire course of socialist construction, has wisely exercised leadership in building a chuche-oriented, self-reliant economy based on resources, materials, and natural resources available in our country.

To successfully fulfill the goals of the party's economic strategy and glorify the socialism of our own style at present, among other things, the self-reliance of the economy must be strengthened, and, toward this end, technology must be innovated endlessly, and all goods must be produced with resources, materials, and natural resources available in our country. Only when technology is innovated, can efficient coal-mining equipment suitable to our country's geographic conditions be manufactured, advanced coal-mining and coal-dressing methods be introduced, coal production be increased significantly, and the ever-increasing demand for metallurgical materials and energy in the people's economy be met satisfactorily. Also, agricultural equipment can be supplied satisfactorily to increase grain production; varieties of people's consumer goods can be increased; and production of export goods can be expanded endlessly. In this way, technological innovation is an important key to successfully attaining the goals of the party's new economic strategy by efficiently using resources available in our country.

Technological innovation is also an important key to successfully implementing the party's economic strategy because this will make it possible to successfully solve scientific and technological problems in socialist economic construction.

Successfully solving urgent scientific and technological problems in socialist economic construction is an important requirement for vigorously accelerating production and construction.

Our party's revolutionary economic strategy is an economic construction plan to carry out quickly and successfully the grand task of improving the people's lives and strengthening the country's economic might. The party's revolutionary economic strategy demands that technology be innovated and developed endlessly. Only when technology is innovated, can scientific and technological problems for implementing the party's economic strategy be solved.

To decisively increase agricultural production as the party intends, the fertility of soil must be improved, more fertilizers good for the growth and fruition of crops must be produced, modern agricultural equipment must be manufactured in large quantities, and scientific and technological problems for increasing the operating rates of agricultural equipment must be solved. Also, to score great upsurges in the production of people's consumer goods, light-industry plants must be adjusted, reinforced, and modernized, and scientific and technological problems for solving the problems of resources and fuels for

the light industry must be solved satisfactorily. Also, to quickly develop the leading sectors of the people's economy and vigorously wage the struggle to increase production and conserve in all sectors of the people's economy, scientific and technological problems for doing so must be solved satisfactorily. When all scientific and technological problems for implementing the party's economic strategy are met in a timely manner through technological innovation, the party's economic strategy can be implemented thoroughly. By so doing, we can further strengthen the self-reliance of our people's economy, build a material basis powerful enough to sustain ourselves under all circumstances, and provide bright prospects for conquering higher peaks in socialist construction. In this way, technological innovation is an important key to successfully solving scientific and technological problems in socialist economic construction and thoroughly implementing the party's economic strategy.

The experiences from the socialist economic construction in our country clearly prove that officials and workers can successfully solve any problem in economic construction when they have a correct view on technological innovation and pool their wisdom and strength.

Today's reality in which socialist construction is being deepened and developed demands more strongly than ever that a popular technological innovation movement be carried out vigorously.

All officials and workers must have the high consciousness that they are masters in production and construction, help and lead each other, vigorously carry out the popular technological innovation movement, and thus, brilliantly implement the party's economic construction plan and further strengthen the invincible might of the popular masses-centered socialism of our own style.

Revolutionary Spirit of Self-Reliance Urged

SK0312083494 Pyongyang MINJU CHOSON in Korean 21 Oct 94 p 1

[Editorial: "Let Us More Highly Display the Revolutionary Spirit of Self-Reliance and Fortitude in Implementing the Party's Economic Strategy"]

[FBIS Translated Text] Today, all people throughout the world are vigorously accelerating the all-out march to implement the party's revolutionary economic strategy, upholding the great leader Comrade Kim Il-song's will. To effect a new upsurge in building the socialist economy by victoriously advancing today's march, all functionaries and working people should more highly display the revolutionary spirit of self-reliance and fortitude.

The dear leader Comrade Kim Chong-il has indicated: "We can say our party's revolutionary economic strategy is the strategy of self-reliance, the strategy of fortitude. A guarantee for victoriously implementing the new economic strategy lies in highly displaying the revolutionary spirit of self-reliance and fortitude."

The revolutionary spirit of self-reliance and fortitude is our people's traditional struggling spirit as well as the banner of victory of our own style of socialism. With their own might, our people have always solved all difficult problems in the revolution and construction, firmly believing in their might. As a result, they were able to build and glorify the popular mass-centered socialism of our own style. Being self-reliant and fortitudinous is a way to make a living as well as to become ever-victorious. This is a noble truth proven by the history of our socialist construction.

Today, our people should highly display the revolutionary spirit of self-reliance and fortitude. This becomes a firm guarantee for thoroughly implementing the party's revolutionary economic strategy, for smashing challenges by imperialists and reactionaries, and for demonstrating the might of our own style of socialism.

By fully mobilizing the country's economic potential, our party has put forward strategic plans to significantly enhance the people's standard of living over a short period and to build a new offensive base to occupy a higher plane of socialism. They are also struggling to achieve it. Tremendous is the task to implement the party's revolutionary economic strategy. To successfully carry out this important task, we should more highly display the revolutionary spirit of self-reliance and fortitude. Trials that cannot be overcome and fortresses that cannot be occupied will not exist if we display the revolutionary spirit of self-reliance and fortitude more highly. The key to effect a new upsurge in light industry, agriculture, and trade lies in highly displaying the revolutionary spirit of self-reliance and fortitude. Furthermore, the important secret to significantly increase the production of power, coal, and steel goods by giving priority to railway transport lies also in more highly raising the revolutionary slogan of self-reliance and fortitude.

The decisive key to smash the imperialists' plot of isolation and oppression depends on the display of the revolutionary spirit of self-reliance and fortitude. The imperialists are very afraid of the might of the popular masses, who overcome difficulties with their own might, firmly uniting as one around the party. No blockade and pressure by the imperialists can work before a people who have a strong revolutionary spirit of self-reliance and fortitude. If all the people continue to fight with the strong spirit of self-reliance that overflows from the forestry of Mt. Paektu, and with the spirit of fortitude in which they took the first shovel against the empty land following the war, we can smash the imperialists' and reactionaries' plots to stifle [chilsik] our economy and can brilliantly adhere to our own style of socialism.

All the functionaries and working people should effect a new upsurge in the struggle to carry out the party's economic strategy by fully displaying the revolutionary spirit of self-reliance and hard struggle. By so doing, they

should demonstrate to the entire world the heroic mettle of our people, who continue to effect innovations and march ahead.

The functionaries and working people, above all, should firmly cherish the chuche-oriented stance and viewpoint to solve all the problems arising in the revolution and construction by ourselves in our way.

The revolutionary spirit of self-reliance and hard struggle is a revolutionary spirit that can be only displayed when the chuche-oriented stance and viewpoint is solid. For those who have the firm chuche-oriented stance and viewpoint, there cannot be a case of relying on others. Those who have the firm chuche-oriented stance and viewpoint believe in their own power and find their life worth living by overcoming difficulties by themselves.

All the functionaries and working people should give full play to an attitude befitting masters of the revolution and construction, having a firm belief that they are the masters of their destiny and that the motive force of the country's revolution is its people.

Our party's revolutionary economic strategy demands us to expedite the production and construction with our own technology, materials, and natural resources. The functionaries and working people should try as much as possible to manufacture and equip machine facilities ourselves; use fuels that are easy to obtain in their local areas; and utilize their own materials.

The functionaries and working people should also display an indomitable spirit of struggle and a high revolutionary spirit to the full extent to carry out the party's demands without fail, even if that means going through fire and water.

The revolutionary spirit of self-reliance and hard struggle is based on the iron-strong will and indomitable belief to accept the party's lines and policies as absolute truths and unconditionally carry them out to the end. If the confidence and consciousness to absolutely carry out the revolutionary duty given by the party are high, any obstacle could be surmounted, could create something out of nothing, and could accelerate the socialist construction in a speedy way.

Under the uplifted revolutionary slogan of "What The Party Decides, We Will Do!" all the functionaries and working people should display a high revolutionary spirit and indomitable spirit of struggle to the full extent and carry out the party's demands to the end. Particularly, the revolutionary spirit of self-reliance and hard struggle should be highly displayed in major sectors of the national economy, including coal, power, rail transport, and metal industry. By so doing, we should achieve endless productive upsurges and find a breakthrough in the struggle to carry out the party's revolutionary economic strategy.

Also important in carrying out the party's revolutionary economic strategy is mobilizing the internal reserves to the maximum and effectively utilizing the already-prepared economic foundation under the slogan of self-reliance and hard struggle.

The independent economy, which has been prepared through the arduous struggle under the wise leadership of the party and the leader, has a great productive potential and power. If we make use of our independent economy to the maximum, we would be able to remarkably promote our people's standard of living.

All sectors and units must positively wage the struggle to adjust and reinforce equipment as well as effectively carry out equipment management, labor management, and the supply of materials, thus ensuring the operation of equipment at full capacity and normalizing production on a high level.

Today's environment demands that all sectors must manage state economic affairs in a frugal manner and raise the flames of the conservation struggle. All officials and workers must know how to conserve, for conserving is a way to implement the principle of self-reliance; thus, they must conserve even a drop of oil, a piece of coal, a watt of electricity, and a piece of iron to the utmost.

An important way to increase production and to conserve lies in technological innovation. All sectors and units of the people's economy must powerfully raise the flames of technological innovation, and thus find reserves and potentialities, efficiently use them, and accelerate economic construction. Officials and workers must boldly pursue technological innovation, find more resources and materials that are in short supply, and positively learn excellent achievements and experiences in the use of resources and materials.

Another important way for all sectors and units of the people's economy to thoroughly implement the revolutionary slogan of self-reliance and arduous struggle is to enhance the guidance role of officials.

The more massive the assigned tasks are, and the more tensely the campaigns are carried out, the greater the masses' tendency to look to guidance officials. Only when guidance officials in charge of production and construction have a strong spirit of self-reliance and arduous struggle, will the producing masses believe in their own strength and work with revolutionary enthusiasm.

All guidance officials must launch organizational and political work in an offensive manner to thoroughly establish the revolutionary spirit of self-reliance and arduous struggle, and must endlessly deepen the work of ensuring that workers march forward under the uplifted banner of self-reliance and arduous struggle. Just like anti-Japanese guerrilla leaders who broke through all difficulties and trials using their own strength without shaking or hesitating, guidance officials must always

show practical examples of self-reliance, must continuously heighten the workers' enthusiasm, and must organize and launch the work of implementing their creative ideas in an offensive manner and with high spirits. In so doing, guidance officials must ensure that workers think and act in the spirit of self-reliance, and that self-reliance and arduous struggle becomes a spirit in campaigns, so the spirit of creativity and innovation can be raised at every work site.

All officials and workers must have boundless loyalty toward the great leader [yongdoja], and must more highly display the revolutionary spirit of self-reliance in the struggle to implement the party's revolutionary economic strategy, thus contributing to further consolidating the economic strength of the country and significantly improving the people's lives.

Method of Achieving Socialism Explained

SK0212141994 Pyongyang Korean Central
Broadcasting Network in Korean 0926 GMT 1 Dec 94

[From the "Theory of Chuche Socialism" program:
"Scientific Explanations on the Basic Method To
Achieve Socialism"]

[FBIS Translated Text] The dear leader Comrade Kim Chong-il, the great genius of contemporary ideological theory, explained in his immortal classical work "Socialism Is a Science" that socialism is the most advanced society based on collectivism, which is the demand of original human nature, and that it will win without fail. He also provided profound and scientific explanations on the basic method to achieve socialism.

The dear leader Comrade Kim Chong-il pointed out: To achieve socialism, the revolutionary force must be prepared to take charge of and implement its realization, and a correct method of struggle must be provided. In the view of developing history, socialism is the most advanced society, and will win without fail; but it does not come naturally. Even though socialism is the desire of the popular masses, it will remain a desire if not combined with the revolutionary force and revolutionary method of struggle.

Previous theories on socialism clarified the contradictions in relations between productivity and production in capitalist society, and explained that contradictions will be solved through the class struggle of the nonexploiting popular masses against the exploiting class; it is the working class that will be in charge of and lead the class struggle. Previous theories combined the demands of the working masses, who long for socialism, with the revolutionary force and revolutionary method of struggle, but their study on the issue was based on material and economic factors, and they failed to present the ideology that strengthening the main force of the revolution and enhancing their role is the basic method of revolution.

In his work, the dear leader Comrade Kim Chong-il wholly explained the issues concerning man, who is the main force of movement in society; the practical revolutionary force for the realization of socialism centered on the popular masses; and the revolutionary method of struggle. In short, the unique and profound ideology on the basic method to achieve socialism is that the decisive guarantee of the revolutionary character strengthens the main force of the revolution and enhances its role by emphasizing the consciousness and ideology of independence of the popular masses, who are the main force for the development of social history and who are in charge of and carry out the realization of socialism.

Objective conditions are an important factor in determining the victory of the revolutionary struggle. Victory may be accelerated or delayed depending on the status of the objective conditions of the revolution. However, the decisive factor of victory in the revolution is not objective material and economic conditions, but how to strengthen the main force of the revolution and enhance its role. The main force of the revolution is the united body of the leader [suryong], the party, and the masses. It is also the decisive force that pushes forward to victory the masses' cause for independence. The leader is the head of the revolution, the center of unity and cohesion. The party is the guiding force of the revolution and construction, which are the popular masses' cause of independence. The popular masses are the main force of history, which have unlimited strength to lead social and historical movements—that is, revolutionary movements.

However, for the popular masses to understand the real meaning and fulfill the responsibility of the main force of history, they should become an independent main force of the revolution, firmly united in one ideology and one organization under the leadership of the party and the leader. When the party and the leader establish blood-tie relations with the popular masses, and when the popular masses form a strong main force of the revolution and enhance its role while uniting around the party and the leader in one ideology and organization, the difficult and complicated work to reform nature and society can be successfully implemented, the struggle against the exploiting class can be vigorously carried out, and the victory of socialism can be guaranteed.

The reality of history shows that the victory of socialism was achieved earlier in relatively backward countries that have disadvantageous objective conditions, rather than in advanced capitalist countries that have advantageous objective conditions. A good example is the revolution in Korea, which advanced under the banner of the great chuche idea. As we recall, objective conditions were unfavorable when our country first carried out its socialist revolution. After liberation, all we inherited was a backward and biased colonial economy. Even that poor economy was completely destroyed during the three-year war, leaving only empty land. We had to start from scratch after the war. Worse still, the South Korean

puppet clique, with the help of its masters, viciously maneuvered to start another war of aggression against the northern half of the republic.

The objective conditions of our revolution were very unfavorable after the war, but under the wise leadership of the party and the leader, we rose up as one to overcome difficulties and trials, and vigorously pushed forward the revolution and construction. The great leader Comrade Kim Il-song always had firm faith in the strength of the popular masses. Based on that faith, he led the difficult and complicated revolutionary struggle and construction work straight to the single road of victory. Even then, he paid special attention to strengthening the main force of the revolution and enhancing its role; reinforced the party, the core force; and firmly united all the people, including the working class, around the party.

As a result, the main forces of the revolution have been strengthened and their role extraordinarily enhanced, and thus unprecedented miracles and innovations, as well as a new great turnabout, have been created in our revolution and construction.

In particular, our party and people upheld the unique policy on reforming the economic structure prior to technological reform as presented by the great leader, and vigorously struggled to achieve it, thus brilliantly achieving socialist agricultural cooperation in a short period. At the same time, they successfully accomplished the socialist reform of private trade and industry.

Thus, the socialist revolution has brilliantly been carried out in our country, and socialism has been victorious in this land. This proves that strengthening the main forces of the revolution and enhancing their role guarantees the victory of the revolution, making it possible not only to properly use fixed objective conditions, but to turn disadvantageous objective conditions into advantageous ones, adverse situations into favorable ones, and misfortunes into blessings.

As explained in the work, the key to success in socialist construction following the establishment of a socialist system does not lie in objective material and economic conditions, but in efforts to strengthen the main forces of the revolution and enhance their role, giving priority to human remolding. This is because the socialist society is a society developed by the creativity of the popular masses armed with advanced ideological awareness and united as one.

In general, the more a society develops, the greater becomes the role of the popular masses, the main force of the social movement. This is linked with the fact that the popular masses' awareness of independence and their creative ability increase as society develops.

The popular masses' role as the main force of the social movement is unprecedentedly enhanced in a socialist society. Therefore, a socialist society must consider the

work of human remolding and ideological reform to increase the popular masses' awareness of independence and their creative ability as more important and imminent than the work of preparing the material and economic conditions of socialism. Only by doing so can a socialist society strengthen the main forces of the revolution, enhance their role, and successfully build socialism.

If a socialist society takes the popular masses' ideological reform as secondary in importance, and neglects the work of strengthening the main forces of the revolution and enhancing their role while attaching greater importance to objective material and economic conditions and to adhering only to economic building—like some countries where socialism was being built—then society cannot correctly accomplish its overall socialist construction and cannot avoid a standstill in economic construction.

Under the wise leadership of the great leader and the dear comrade leader, our party has firmly strengthened the political and ideological power of our revolution and has consolidated our self-reliant national economy and self-defensive military capability, firmly giving priority to the work of human remolding and ideological reform in socialist construction. This enables our party to vigorously accelerate the revolution and construction, without fluttering in today's complicated situation.

The ideological theory on the basic method to achieve socialism, as declared by the dear leader Comrade Kim Chong-il in his work, is indeed an extraordinary ideological theory whose justness and truth has been proved not only in a scientific and theoretical manner, but by the practical experience of our revolution.

Thanks to the elucidation of this ideological theory, the problem of the basic method to always be firmly adhered to in the revolution and construction has been clearly presented, and a mighty ideological and theoretical weapon, with which we can victoriously advance the struggle for the socialism of our age under any condition, has also been prepared.

Implementation of Economic Strategy Urged

SK0112123094 Pyongyang NODONG SINMUN in Korean 24 Oct 94 p 1

[Editorial: "Functionaries Must Implement the Party's Revolutionary Economic Strategy With a High Revolutionary Spirit"]

[FBIS Translated Text] Today, we have the task of thoroughly implementing the party's revolutionary economic strategy and, thus, more highly displaying the superiority of socialism of our own style. To successfully carry out this honorable task, all functionaries must work in a militant manner with a high revolutionary spirit.

The dear leader Comrade Kim Chong-il has pointed out:

"The new economic strategy is a revolutionary strategy to make fundamental turns in socialist economic construction and can be implemented only when guidance functionaries, who are leading officials of the revolution, work in a militant and revolutionary manner filled with a high revolutionary spirit, confidence, and optimism."

Having a high revolutionary spirit and combat capability is a trait that functionaries, who are leading officials of the revolution and educators of the masses, must possess in waging struggles.

When functionaries, filled with a revolutionary spirit and militant spirit, work and live in a revolutionary manner, the entire country will vibrate, and endless upsurges will be scored in socialist economic construction.

Today, when the struggle is being vigorously waged to implement the party's revolutionary economic strategy, demands that our functionaries display a higher revolutionary spirit and military spirit are higher than ever before.

Our party's revolutionary economic strategy is a strategy to make fundamental turns in socialist economic construction. This strategy can be successfully carried out only when guidance functionaries, who are leading officials of the revolution, work in a militant manner filled with a high revolutionary spirit, confidence, and optimism.

This is well shown by the example of the Maengsan County functionaries who well managed their county and improved the people's lives by using the county's own strength and, thus, pleased the dear leader Comrade Kim Chong-il. The Maengsan County functionaries firmly believed that they can do anything if they do as the dear leader Comrade Kim Chong-il has taught, waged struggles with a high revolutionary spirit and the revolutionary spirit of self-reliance and arduous struggle, well managed the county, significantly improved the people's lives, and, thus, positively contributed to displaying the superiority of socialism of our own style. Practical experiences show when functionaries work with a high revolutionary spirit and the revolutionary spirit of self-reliance and arduous struggle, they will be able to make fundamental turns in implementing the party's revolutionary economic strategy and greatly improve the people's lives.

Our party's revolutionary economic strategy demands that functionaries, who are leading officials of the revolution, work filled with a revolutionary spirit and militant spirit.

To thoroughly implement the policy on directing primary efforts to agriculture, the light industry, and foreign trade, develop the coal industry, the power industry, railway transportation, and the metallurgical industry, and, thus, make fundamental turns in implementing the

party's revolutionary economic strategy, our functionaries must work in a militant manner with a firm resolve and indomitable struggle spirits. If our functionaries take the lead and wage strenuous struggles with revolutionary enthusiasm and militant spirits, they will be able to overcome all difficulties or conquer any fortress. All functionaries, filled with confidence in victory and optimism, must work in a militant manner with a high revolutionary spirit in all fields and fortresses of socialist construction and, thus, do excellent jobs and make the entire country vibrate with great revolutionary upsurges.

Functionaries must, first, firmly believe that they can win a brilliant victory in implementing the revolutionary economic strategy only when they uphold the party's intention.

Confidence in victory and optimism are noble traits that functionaries, who are leading officials of the revolution, must possess. When functionaries possess confidence in victory and optimism, they can break through any difficulties on their own strength and carry out economic organizational work and the work of commanding combats with high spirits.

The dear leader Comrade Kim Chong-il is leading the struggle to thoroughly implement our party's revolutionary economic strategy, provide our people with more abundant lives, and more highly display the superiority of socialism of our own style. As long as there is the tested leadership of the great leader [yongdoja], as long as there are revolutionary people who have the firm belief that what the party decides, they will do, and as long as there is a powerful basis for the self-reliant national economy, we can score new upsurges in socialist economic construction.

All functionaries, with confidence in victory and optimism, must positively wage the struggle to implement the party's revolutionary economic strategy. In particular, functionaries must have the firm belief that as long as there is the dear comrade leader, who is resolutely maintaining the socialist cause and victoriously completing it, they can do anything. All functionaries must work and live filled with the revolutionary optimism and struggle spirits that as long as there is the tested leadership of the great leader [yongdoja], we can win a brilliant victory in implementing the party's revolutionary economic strategy and endlessly glorify socialism of our own style.

Functionaries must also highly display the revolutionary spirit of self-reliance and arduous struggle in which they responsibly carry out their revolutionary tasks to the end under any circumstances.

Every revolutionary task assigned to our functionaries is an honorable struggle to thoroughly implement the party's revolutionary economic strategy, further strengthen the might of the country's self-reliant economy, and significantly improve the people's lives.

Functionaries must display a revolutionary spirit and military spirits in solving problems posed in the struggle to implement the party's revolutionary economic strategy as the dear comrade leader intended. Our party's revolutionary economic strategy is a strategy of self-reliance and arduous struggle. Highly displaying the revolutionary spirit of self-reliance and arduous struggle and successfully carrying out the economic tasks assigned to each of us is a guarantee for winning victory in implementing the party's revolutionary economic strategy.

All functionaries must have the resolve to responsibly carry out all revolutionary tasks on their own strength and solve all problems posed in economic work in a revolutionary manner.

Functionaries who take the lead in doing difficult jobs, break through difficulties, and do excellent jobs are genuine leading officials.

All functionaries should unconditionally carry out with their own strength the tasks assigned to them, maintaining the unflinching conviction that there is nothing they cannot do if they do it under orders from the party. They should accomplish, under their own responsibility and to the end, the militant tasks assigned to their sectors and units, maintaining the revolutionary spirit of self-reliance and fortitude to resolve everything with their own strength, even if the higher echelons do not supply the necessities, although it would be better if the higher echelons did supply them.

Functionaries should also become vanguard fighters who stand at the head of the masses while leading them in doing difficult and hard work, always overfilled with high-spirits and enthusiasm.

Always setting a high goal for struggle, marching forward at the head of the masses in doing difficult and hard work, and being overfilled with high-spiritedness and enthusiasm, is the manifestation of the high revolutionary spirit of functionaries.

When they are overfilled with high-spiritedness and enthusiasm, our functionaries can plan all work in an audacious and bold manner; do all work in a splendid way; and break through any difficulties without hesitation or vacillation.

All functionaries in the sectors of agriculture, light industry, foreign trade, coal industry, electricity industry, metal industry, and railway transport should become standard bearers and vanguard fighters who lead the masses with a high revolutionary spirit by setting examples as well as by showing by practice rather than precept, while deeply grasping the importance of their duty in carrying out the party's revolutionary economic strategy.

Functionaries in all sectors of the people's economy should press ahead with everything, maintaining consistency to the end while carrying out everything in an

audacious and bold fashion, from planning the work to accomplish the party's revolutionary economic strategy, to organizing and commanding the battle, to arousing and bringing the masses into action.

Today, which seethes with the question of carrying through the party's revolutionary economic strategy, there arise numerous questions that our functionaries should solve, bearing responsibility in the battlefield of socialist construction. Functionaries should always go deep into the producing masses, mingle with them unceremoniously, work with the working class in the mine pit, and thrash grain with cooperative farm workers, thereby leading the masses in achieving new innovations and feats.

Party organizations should also lead all functionaries in a correct way so they can push for the work in a revolutionary fashion and with a high revolutionary and militant spirit.

Party organizations should actively help and support all functionaries so they can think deeply in an enthusiastic manner with a view to carrying through the party's revolutionary economic strategy; should carry out operations in a meticulous way; and should exert themselves to achieve such operations, while keeping deep in their heart the noble intention carried in the fatherly leader's last wishes and in our party's plans and designs.

Party organizations should lead all functionaries so they can produce more and better products, and should carry out construction by scrupulously planning the organization of production and economic management down to the last detail in conformity with the demands of the Taean Work System. In particular, party organizations should take good care of the functionaries' work and livelihood so functionaries can carry out their work in a revolutionary way with a high sense of pride and responsibility as the leading officials of the revolution.

Paper on Independent Status of Popular Masses

*SK0412081794 Pyongyang KCNA in English 0813
GMT 4 Dec 94*

["Independent Status and Right to Independence, Basic Conditions Decisive of Popular Masses' Destiny"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 4 (KCNA)—The dear leader Comrade Kim Chong-il in his famous work "Socialism Is a Science" defined the independent status and right to independence of the popular masses as the basic conditions on which their destiny depends. This is a precious feat performed by the dear leader Comrade Kim Chong-il in developing the revolutionary idea and theory of the working class and accomplishing the socialist cause.

NODONG SINMUN says this in a by-lined article today:

Comrade Kim Chong-il in the work expounded that the question of independent status and right to independence is, in essence, a question of the popular masses becoming the master of the state and society, in other word, occupying the position of the master and exercising the rights as such.

Independence is the life and soul of the popular masses and their destiny depends on whether it is realized or not. All their demands proceed from independent demands and their realization is guaranteed only by the independent status and right to independence.

Only when the popular masses have an independent status and exercise the right to independence, can they have their independent demands met in all the fields of social life and truly shape their destiny, conducting creative activities in conformity with their independent nature.

An independent status and right to independence of the masses can be ensured only in the socialist society.

The Korean people are now holding the status of the master of everything of the society and exercising the right as such to their heart's content in the anthropocentric socialist society, in which the great chuche idea is embodied.

Our reality eloquently proves that socialism guaranteeing the people an independent status and right to independence is only the cradle of life which defends and looks after the destiny of the popular masses.

With the exposition of the idea that an independent status and the right to independence are the basic conditions on which their destiny depends, the working-class party and the revolutionary people have become able to wage more courageously a purposeful and conscious fight to shape their destiny and fully display the advantages and vitality of socialism.

This idea is also a powerful ideological and theoretical weapon for roundly exposing the craftiness and arrogance of the imperialists who, under the cloak of "defence of human rights," are interfering in the internal affairs of other countries and abusing the independence of other people's rights and making every conceivable effort to justify this.

South Korea

U.S., DPRK Reconfirm Cooperation on Reactors

SK0312004594 Seoul YONHAP in English 0037 GMT
3 Dec 94

[FBIS Transcribed Text] Beijing, Dec. 3 (YONHAP)—The United States and North Korea ended three days of experts' talks here Friday, pledging to wrap up plans for providing the North with light-water reactors within the deadline set by the Oct. 21 accord reached in Geneva.

Such cooperation was reconfirmed in a joint press release issued following the third day's meeting headed on the U.S. side by Gary Samore, the State Department's deputy director for nuclear non-proliferation, and on the Pyongyang side by Kim Chong-u, chairman of the External Economy Commission.

"The talks dealt with complicated issues and were serious and useful," the statement said.

According to Western diplomatic sources here, the experts made considerable progress toward agreement in their discussions on creating an international consortium to supply Pyongyang with light-water reactors, dubbed the Korea Energy Development Organization (KEDO), and related matters.

Among the issues addressed were the contents and formula of a light-water reactor supply contract, a feasibility study, selection of construction sites, basic designs, and placement of orders for equipment and materials, according to the sources.

With respect to the controversial issue of the light-water reactor model, a source said, "As they discussed the matter in depth in the Beijing talks, they are expected to make considerable progress at the forthcoming meeting."

Both sides agreed to resume the talks in January and continue additional discussions, the statement added.

U.S. Officials Agree on No Royalty for Reactors

SK0312021894 Seoul YONHAP in English 0155 GMT
3 Dec 94

[FBIS Transcribed Text] Yonggwang, South Cholla Province, Dec. 3 (YONHAP)—Korea Electric Power Corporation (KEPCO) and Combustion Engineering (CE) of the United States have agreed that the former need not pay the latter royalties if the Ulchin Nos. 3 and 4 light-water reactor models are provided to North Korea, a senior KEPCO official disclosed Saturday.

CE provided the original technology for the Ulchin No. 3 and No. 4 light-water reactors.

The royalty agreement was reached recognizing the provision to the North of light-water reactors as "a customs-free internal transaction," the official said.

However, KEPCO has agreed to guarantee CE's participation in the manufacture of some reactor parts such as internal containers if it is selected as the main contractor for the light-water reactor project, according to the official.

Russian Vice Foreign Minister Objects to Reactor

SK0512003094 Seoul YONHAP in English 0022 GMT
5 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 5 (YONHAP)—Russian Vice Foreign Minister Aleksandr Panov has

reportedly objected to plans by the United States and Japan to provide the South Korean model of light-water nuclear reactor to North Korea.

Panov, visiting Tokyo for a high-level working meeting with Japan, made the remark at a news conference Sunday while repeating his country's earlier insistence that a six-party conference involving South and North Korea, the United States, Russia, Japan and China should be held to resolve the North Korean nuclear issue.

North Korea is also voicing objections to the South Korean light-water reactor model at an experts' meeting in Beijing.

Under these circumstances, sources said Moscow is planning to dispatch a delegation to North Korea to urge Pyongyang to adopt the Russian model of nuclear reactor.

For its part, Japan believes that the most important goal is implementing the Pyongyang-Washington agreement on revamping the North's nuclear program signed in Geneva in October, and insists that the current situation does not warrant a new international conference for the program.

Observers here say Russia's insistence on its reactor model is aimed at securing diplomatic influence on the Korean peninsula and is likely to affect the detailed implementation of the Geneva agreement, including the formation of the Korea Energy Development Organization (KEDO).

Trade Group: U.S. Exported Parts to North

SK0512010794 Seoul YONHAP in English 0102 GMT 5 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP)—Despite the "Trading With the Enemy Act" which bans trade with hostile countries, the United States reportedly shipped compressor spare parts to North Korea last July when President Kim Il-song died.

According to American trade statistics obtained by the Korea Foreign Trade Association (KFTA) Monday, the United States shipped spare parts for refrigerators and air conditioners worth 180,000 U.S. dollars to the North last July, though there had been no exports recorded since it sold wood chips for fuel worth 1.97 million dollars to the communist country in November 1993.

U.S. exports to the North stood at 16,000 dollars in 1989, 32,000 dollars in 1990, 100,000 dollars in 1991 and 467,000 dollars in 1992, showing a pattern of continued growth although the amounts are negligible.

The U.S. Enemy Act limits any trade in commercial goods with North Korea except for the supply of humanitarian materials in such emergencies as famine and refugee relief.

KFTA officials said the U.S. spare parts exports to the North last July were hard to understand because such shipments are banned in principle.

Pointing out that it is difficult to regard the spare parts as humanitarian goods, the officials wondered why the exports—which had ground to a complete halt amid the nuclear tensions between the two countries since November 1993—came in July after the passing of Kim Il-song.

Hong Kong Firm Agrees to Branch in DPRK

SK0212042694 Seoul THE KOREA HERALD in English 2 Dec 94 p 8

[FBIS Transcribed Text] Peregrine Securities Co. of Hong Kong has agreed with the North Korean government to set up a branch in Pyongyang early next year, an informed source said yesterday.

Paul Pheby, vice chairman of Tongbang Peregrine Securities Co., a joint venture between Tongbang Corp. of Korea and Peregrine, has clinched an agreement to that effect with Kim Chong-u, chairman of the (North Korean) Committee for Promotion of External Economic Cooperation (CPEEC) in Pyongyang, the source said on condition of anonymity.

Through the Pyongyang office, Peregrine Securities, which has been expanding its presence in Vietnam and Singapore, is expected to purchase bonds issued by the Pyongyang government and trade them in the international market, the source said.

Pheby secretly visited North Korea several times this year, said the source, adding that the Peregrine official discussed the proposal with Kim for three hours in September.

In a related development, McKinsey & Company of the United States have decided to open an office in Pyongyang next January to provide business consulting services to foreign investors, including Korean and Japanese companies, which are expected to enter the Communist country, another source said.

"I know that the U.S. consulting company has agreed with the Pyongyang government to establish the office following an accord on nuclear issues reached between the United States and North Korea Oct. 21," the source said.

North Korea 'Actively Seeking' German Ties

SK0312012394 Seoul YONHAP in English 0118 GMT 3 Dec 94

[FBIS Transcribed Text] Berlin, Dec. 3 (YONHAP)—North Korea is actively seeking to normalize diplomatic relations with Germany, sending three officials from its interest section in Berlin to Bonn, an official at the South Korean Embassy in Germany said Saturday.

The embassy official said, "North Korea recently dispatched three of its interest section officials in Berlin to Bonn for contacts with German Foreign Ministry officials. We've heard that they are demanding establishment of ambassador-level diplomatic relations."

The North Koreans also insist that treaties with the former East Germany remain valid in their relations with the unified Germany, according to the official.

North Korea has asked Germany to restore the 40 to 50 accords Pyongyang concluded with the former East Germany including aviation, trade and mutual support, and science and technology agreements.

They are also trying to attract German businesses to North Korea.

"One of the three North Koreans in Bonn was sent to Dusseldorf, the center of German trade and industry. He is contacting German Chamber of Commerce and Industry officials to attract their investment in the Rajin-Sonbong free economic and trade zone," the official said.

"But the German Government doesn't seem to be interested in the North Korean demands so far."

Germany acknowledges the diplomatic status of North Koreans in the interest section, but restricts their sphere of activity within a particular area. This is because North Korea also limits the activities of German officials in the German interest section in Pyongyang.

DPRK: N-S Ties Cut Due to Kim Yong-sam

*SK0412110494 Seoul YONHAP in English 1056 GMT
4 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 4 (YONHAP)—North Korea insisted that smooth South-North Korean ties have been cut off extensively since the Kim Yong-sam administration launched.

"With his grasping power, Kim has committed an unacceptable crime which made the bilateral relations go back to the starting point of confrontation, Naewoe press, the official Pyongyang watcher here, quoted the (North) Central Broadcasting Station as saying Sunday [4 December].

"An epoch-making situation could have been made if Kim had observed the North-South agreement and joined positively in dialogue for the national conciliation and unity," said the North Korean radio, while criticizing that Kim made a scrap of paper of the agreement by following foreign powers' nuclear disturbances and freezing dialogue.

Kim Il-song 'Approved' Mt. Kumgang Project

*SK0512105594 Seoul KBS-1 Radio Network in Korean
GMT 1000 GMT 5 Dec 94*

[FBIS Translated Text] It was confirmed today that North Korea's Kim Il-song, in January—about five

months before his death—approved a feasibility survey on the Mt. Kumgang tourist development prepared by the Kumgangs International Group under the National Economic Committee in order to develop the Mt. Kumgang area into an international sight-seeing complex.

Therefore, two days after Kim Il-song's approval, the North Korean State Administration Council conveyed the approval to the Kumgangs International Group so that it could build and operate the Kwangmyongsong Hotel in Pyongyang and the Kwangmyongsong Hotel at Mt. Kumgang, delegating to it all the authority for Mt. Kumgang's tourist development.

Seoul Approves Importing DPRK Apples in 1995

*SK0212103194 Seoul YONHAP in English 1018 GMT
2 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 2 (YONHAP)—Apples have been added to the swelling list of North Korean items introducible into South Korea.

A price policy vice ministers meeting chaired by Vice Economic Planning Minister Kang Pyong-kyun on Friday [2 December] approved a beverage firm's plan to introduce 13,000 tons of North Korean apples beginning next January.

The plan to bring in North Korean apples by way of a third country has already been okayed by the National Unification Board.

An Economic Planning Board official said the plan to introduce North Korean apples was given a green signal inasmuch as apple prices had soared as much as 24 percent over a year before since apple harvests were reduced by about 6 percent this year due to both drought and severe heat this summer.

BOK: Foreign Fund Inflows Rise 'Sharply'

*SK0312030694 Seoul YONHAP in English 0211 GMT
3 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 3 (YONHAP)—With foreign investment limits on the stock market increasing from 10 percent of a listed company's total capitalization to 12 percent on Thursday, inflows of foreign investment funds are increasing sharply.

Foreign funds ready at brokerage houses and banks for stock investment totaled 1,040 million U.S. dollars on the first day of the higher foreign investment limits, more than a three-fold increase over the 330 million dollars recorded a week before, according to the Bank of Korea [BOK].

The amount compares with the usual foreign funds of 300 million to 400 million dollars ready for stock investment every day until the end of last month.

Taking all these funds as guarantee money for stock purchases, foreign investors can immediately acquire

shares worth as much as 5 billion dollars, at least theoretically, as they are allowed to place buy orders as large as five times the guarantee money. This means that they have to bring in an additional 4 billion dollars to pay for the purchase.

In view of the year-end leave and foreign investment limits, however, the actual new inflows until year-end are estimated at 2 billion dollars.

On Thursday foreign investors, mostly institutions, placed stock buy orders totaling 734.3 billion won, or 920 million dollars. Considering they paid 20 percent of the purchases (184 million dollars) from their guarantee money accounts at brokerage houses, they had to raise the remaining 80 percent, or 736 million dollars, mostly overseas, to complete the settlement.

Net foreign fund inflows, namely inflows minus outflows (overseas remittances), rose from 113 million dollars on Tuesday to 186 million dollars on Wednesday but fell to 99 million dollars on Thursday, bringing total net inflows in the three days to 398 million dollars.

Reflecting this glut in the foreign exchange market, the dollar traded at a record low of 791.90 won on Friday.

Faced with a strengthening won and inflationary symptoms, the Bank of Korea has taken steps to tighten monetary controls, including making banks offset loans to big debtors against their deposits as a means of reducing the money supply.

The usual rise in exports and government funds released toward the end of the year is also feared to fuel inflation.

Surge in Direct Overseas Investment Reported

SK0312024594 Seoul THE KOREA HERALD in English 3 Dec 94 p 8

[FBIS Transcribed Text] Korea's direct investment in foreign countries has been surging this year as more local firms are moving their production bases overseas in pursuit of cheap labor.

In the first 10 months of the year, Korea's overseas direct investment more than doubled to \$2,889.1 million in 1,604 projects from the same period a year ago in terms of investment approvals, the Bank of Korea (BOK) said yesterday.

In October alone, 149 overseas investment projects worth \$448.9 million were approved, up 63.7 percent from a year earlier.

Out of the October permits, 82.5 percent were small investments involving less than \$1 million and 74.5 percent were in the manufacturing industry.

Manufacturing firms, mostly makers of labor-intensive textiles, apparel and fabricated metals, have been revving up their overseas investment this year in the search for cheap labor, leading the growth in overseas direct investment, a BOK official said.

China was the country most favored by Korean investors. Korean direct investment in China totaled \$52.2 million in 85 projects in October, or 57 percent of the total permits for overseas investment.

In particular, the Philippines surfaced as the country where many Korean firms flocked to invest this year, the BOK official said. Korean direct investment in the Philippines surged to \$47.7 million in 248 projects in the January-October period, up from \$34.8 million in 59 cases.

The increase reflects the growing preference by domestic firms to invest in the Philippines as opposed to China because of easier control of local employees in Manila, the official said.

As of the end of October, the value of Korea's outstanding direct investment approvals outstanding amounted to \$9,443.3 million in 4,793 projects.

Foreign Exchange Liberalization Plan Unveiled

SK0512083694 Seoul YONHAP in English 0731 GMT 5 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP)—Beginning next year, South Korean citizens may buy foreign exchange worth up to 10,000 U.S. dollars a year and deposit up to 30,000 dollars overseas.

Procedures for foreign payments, such as remittances overseas, by individual citizens will be liberalized, though the present 5,000-dollar ceiling on one payment will remain, meaning that foreign payments for any purpose will become possible within the limit.

Overseas travelers will be able to carry 10,000 dollars as travel expenses for a trip of up to one month, and can add 10,000 dollars per month in case the trip lasts up to a year. When they stay overseas more than a year, they may take up to 50,000 dollars out of the country, a limit which will be lifted in 1998 or 1999.

These are the highlights of the foreign exchange market liberalization plan the Finance Ministry unveiled Monday.

Under the plan, which will be finalized at a meeting of the International Policy Coordination Committee of the Economic Planning Board in mid-December, the ceiling on credit card-backed payments overseas will be raised to 5,000 dollars a month for individuals and 100,000 dollars a quarter for corporations, and these limits will be lifted in 1996-97 for corporations and in 1998-99 for individuals.

Emigrants to foreign countries may carry up to 500,000 dollars on a four-member family basis as relocation and resettlement expenses and those going abroad under the category of investment emigration may carry 500,000 dollars more for investment.

The ceilings on corporate deposits overseas and investment in overseas securities markets will also be raised to 1 million dollars and 1 billion won (1.25 million dollars), and the limits will be removed in 1996-99. Individual investors may also pour up to 300,000 dollars and 500 million won, respectively, in overseas real estate and securities markets per year.

Limits on corporate foreign fund-raising—foreign debt flotation, introduction of foreign bank loans and foreign-exchange loans from domestic banks, imports on a short-term credit basis, exports on an advance or down-payment basis and overseas subsidiaries' borrowing from their local banks—will be raised next year and then lifted altogether in 1996-99.

But the plan leaves liberalizing overseas Koreans' taking their property out of the country, lifting foreign investment limits on the stock market, allowing individual investors' full participation in overseas real estate markets and permitting the use of foreign exchange in domestic transactions for further study.

Finance Ministry officials expect that the foreign exchange market liberalization would increase inflows of foreign funds by 14 billion dollars to 20 billion dollars annually from next year through 1999.

To buttress the liberalization plan until 1999, the government will pass a bill amending the foreign exchange control law through parliament when it sits in special session early next year, while revising the presidential decree implementing the law within the year to carry out those parts of the plan requiring implementation in January. The revised law will eventually be scrapped.

Ban on Weapon Exports to South Africa Canceled

*SK0212042394 Seoul YONHAP in English 0350 GMT
2 Dec 94*

[FBIS Transcribed Text] Seoul, Dec. 2 (YONHAP)—The South Korean Government has lifted a ban on arms exports to South Africa which has been enforced since 1977, the Foreign Ministry announced Friday.

The lifting of the embargo, put into effect Tuesday, was made in accordance with a United Nations decision following the establishment of the new South African Government through democratic elections last May, the ministry said.

With the action, South Korea can now supply to the African country such weapons and related materials as guns, ammunition, military vehicles and equipment, and paramilitary equipment and spare parts. South Korea can also permit South Africa to use its technologies for the systems and maintenance of equipment.

With the end of the arms ban, all of South Korea's restrictive measures against South Africa have been removed. The two nations' ties in such fields as the economy and trade will be brisker as well, Foreign Ministry officials expected.

The government has taken phased steps toward halting the restrictions, starting with personnel exchanges in 1990 and 1991, an end to economic sanctions in January 1992 and the lifting of the oil export embargo in December 1993.

Government Allows Sale of Australian Beef

*SK0212032494 Seoul THE KOREA HERALD in
English 2 Dec 94 p 9*

[FBIS Transcribed Text] Retailers are now allowed to resume sales of imported Australian beef as government pesticide tests showed that some beef was found contaminated by chlorfluazuron (CFZ), an insecticide, but the residue level was safe for human consumption.

Announcing the initial test results, the Ministry of Agriculture, Forestry and Fisheries yesterday allowed the resumption of sales of Australian beef products, shipped into Korea between July 1 and Oct. 25, which underwent pesticide tests.

The Ministry, however, will continue to conduct CFZ residue tests on beef imported between July 1 and Nov. 14 from Australia's suspected contamination areas of New South Wales and Queensland.

For Australian beef imported after Nov. 14, the ministry also decided to allow imports if it carries an Australian government-issued certificate showing CFZ test results.

The ministry suspended the sales of Australian meat Nov. 23 to check its safety following reports of CFZ contamination.

For stronger quarantine tests, the ministry decided to advance the date of tests for 17 kinds of pesticides on imported meat which it originally planned to conduct from March 1 next year.

The National Animal Quarantine Services (NAQS) started CFZ tests Nov. 23 by collecting 90 samples of imported Australian beef.

Of the total samples, 83 were found not contaminated and pesticide residue were detected in seven cases. But the residue level was far below the maximum residue limit, the ministry said.

The National Institute of Health (NIH) also conducted the pesticide tests by taking 32 samples from imported Australian beef, of which six were found to have low-level contamination but were safe for human consumption.

Australian farmers in the eastern region started using the insecticide DFZ [as published] on cotton this year and cotton leaves and stems are used to supplement cattle feed.

The Australian government informed Korea Nov. 10 that some beef produced in New South Wales and Queensland were found to be contaminated with CFZ.

Assembly's Budget Committee Passes Budget Bill
SK0212025094 Seoul YONHAP in English 0122 GMT
 2 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 2 (YONHAP)—The ruling Democratic Liberal Party (DLP) passed the fiscal 1995 budget bill at a National Assembly Budget Settlement Committee meeting early Friday morning and resolved to send it to the plenary session for final approval by the legal deadline of Dec. 2 (Friday).

The DLP's unilateral action followed its decision to have the assembly pass the budget bill by the legal deadline provided by the constitution regardless of an opposition party boycott.

The main opposition Democratic Party (DP) responded immediately, branding the ruling party's committee action "political violence" not witnessed even during 30 years of military rule.

DP Chairman Yi Ki-taek told reporters, however, that his party would not return to parliament at once to try and block final approval later Friday.

The budget bill awaiting the green light stands at 54,824.1 billion won (about 68,530 million U.S. dollars), 153.2 billion won less than the government's original proposal.

Members of a subcommittee of the budget-settlement committee cut 494.1 billion won from the expenditure section, instead allotting an additional 340.9 billion won to infrastructure safety projects and to state purchases of rice from farmers.

Prior to the assembly plenary session, the ruling DLP is to convene a high postholders' meeting at party headquarters to make a final decision on approving the budget bill.

The meeting, being chaired by DLP Chairman Kim Chong-pil, is likely to reject DP Chairman Yi's demand that parliamentary action on the budget be withheld.

Yi has repeatedly insisted that the ruling party should not act on the budget bill and other legislation without the participation of opposition party members.

Meeting reporters at his home in Pukahyon-tong, Seoul, Yi blasted the ruling party's action at the budget-settlement committee, saying it will be judged sternly by the people.

Yi said his party will return to parliament early next week and launch a struggle to nullify the budget bill approved by the ruling party unilaterally.

"We will seek every available means to make the budget bill invalid," he declared.

Meanwhile, the government and the ruling party met until late Thursday night at Chongwadae and decided to force parliamentary action on the budget bill by the legal deadline.

Observers predict the political confrontation between the ruling and opposition parties will worsen if the DLP passes the budget bill on its own.

Opposition Decides To Block Budget Bill Approval

SK0212083094 Seoul YONHAP in English 0538 GMT
 2 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 2 (YONHAP)—The main opposition Democratic Party (DP) decided Friday [2 December] to forcibly block the ruling Democratic Liberal Party (DLP) from unilaterally passing the 1995 Budget Bill and a government rice purchase bill.

The decision was made at a meeting of Supreme Councillors chaired by party Chairman Yi Ki-taek, which condemned the DLP move as "violence running against parliamentarianism."

The government party plans to pass the budget bill Friday, the legal deadline, while the DP continues to boycott the National Assembly session in a dispute over the Dec. 12, 1979, "military rebellion."

The meeting also decided to convene a caucus of lawmakers at noon Friday and to attend the National Assembly plenary session slated for later in the afternoon.

Party Chairman Yi had said at his residence earlier Friday that his party would not block the DLP's unilateral approval of the budget. He changed his mind in favor of a forcible blocking action, however, in the face of a majority view calling for a DP presence at the floor session to prevent unilateral passage of the Budget Bill.

In a statement issued after the Supreme Councillors' meeting, the opposition party said that should the government party attempt to pass the Budget Bill unilaterally despite the DP's publicly declared intention of attending the house session, it would be "tantamount to a dictatorial regime little different from the past military regimes."

"If they are not prepared to accept such a disgraceful definition, the ruling party should conclude the current assembly regular session in a normal manner by arranging a new floor schedule through bipartisan accord and deliberating on major bills." The statement added.

At the meeting, some advocated forcibly blocking unilateral passage of the Budget Bill by occupying the floor led by party leaders. But they agreed to discuss methods of struggle at the lawmakers' caucus.

Pending Bills Passed in 'Lightning Action'

SK0212130394 Seoul YONHAP in English 1245 GMT
 2 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 2 (YONHAP)—The ruling Liberal Democratic Party [as received] [DLP]

passed various pending bills through the National Assembly in a lightning action Friday [2 December] evening.

Among the bills railroaded were the 1995 National Budget Plan, a bill on the government purchase of rice and amendments to some tax laws.

As ruling and opposition party legislators were poised against each other around the floor rostrum, DLP Vice Speaker Yi Chun-ku showed up at the local press room on the upper story of the floor around 8:30 P.M.

Using a microphone, Yi declared the assembly in session and introduced the budget plan and other bills on a package basis with the asking, "Any objection?"

When DLP solons said "No objection" in unison, the acting speaker promptly declared the bills passed.

The whole process took no more than 30 seconds.

The action was followed by the exchange of bad languages and physical clashes between protesting opposition lawmakers and defending DLP solons.

The opposition legislators blocked the speaker's room and three doors of the assembly chamber to keep any DLP speaker from entering the floor.

But, they didn't imagine the vice speaker would slip into the upper-story press room to stage the railroading.

After the passage, DLP Spokesman Pak Pom-chin said the party regrets that the bills were passed with the speaker being unable to sit on the rostrum due to opposition lawmakers' harassment.

"But, the passage was unavoidable in order to keep the legal deadline, Dec. 2, for the passage of the new year budget bill," Pak said.

Opposition Head Suggests Return to Assembly

SK0212030294 Seoul YONHAP in English 0129 GMT 2 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 3 (YONHAP)—Opposition Democratic Party (DP) Chairman Yi Ki-taek said his party would probably return to the National Assembly next week.

Meeting reporters Thursday night in Yoido to talk about the ruling Democratic Liberal Party's decision to unilaterally pass the 1995 national budget bill, the DP leader said that "the return's timing will be discussed by the ruling-opposition floor leaders."

Chairman Yi said, however, that the DLP [Democratic Liberal Party] should put off Budget Settlement Committee activities to ensure his party's return. The bill must be deliberated by both parties and the figures readjusted, he asserted.

He also stressed, "politics-related legislative bills such as amendments to the local autonomy law and other major

bills should be done at the parliament plenary session through ruling-opposition party consultations, though they were already passed by the standing panels."

If these preconditions were satisfied, the DP would come back to the assembly next week, Yi said. On the other hand, "should the DLP press the unilateral operation of the house to the end in spite of our demand, we will define such behavior as a parliamentary coup d'etat."

He added that the DP would continue its struggle to have those involved in the Dec. 12, 1979, military incident be indicted, while making it clear he would announce alternatives Friday in order to act in and outside parliament simultaneously.

In light of Yi's remarks, the opposition party is expected to participate in assembly proceedings next Monday if the ruling party agrees to re-examine bills involving the 1995 budget and government purchases of rice and to revise other key bills.

The DLP, for its part, has already handled these bills Monday in standing panels and is pondering how to respond to the DP's demands.

Opposition Returns to Assembly; Tension Continues

SK0512060294 Seoul YONHAP in English 0542 GMT 5 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP)—The opposition Democratic Party's [DP] return Monday has seemingly provided a basis for normalizing the National Assembly, but the present tension between the rival parties is expected to continue.

Floor leaders of the ruling and opposition parties got together Monday to discuss the matter, but there are few signs of early normalization due to last week's lightning passage of the 1995 budget bill by the ruling Democratic Liberal Party (DLP).

During the remaining 12 days of the incumbent house session, the DLP hopes to pass the World Trade Organization (WTO) accord and the massive government reorganization program which was unveiled over the weekend.

The opposition DP, however, insists the DLP's passage of the national budget bill is null and void and therefore it is opposed to negotiating the matter with the ruling party.

While the ruling party will continue dialogue with the DP on normalizing parliamentary operations, it is determined to pass the WTO pact and government revamp program during the incumbent Assembly session.

The DLP particularly objects to accepting the DP's call for nullifying the budget bill while taking a strong stance against any opposition political offensive.

In the case of the WTO pact, the ruling party believes South Koreans in general favor ratification as the U.S. Congress has already given its stamp of approval.

In addition, the DLP will be referring the government reorganization plan to the plenary sitting this week after it is resolved at a cabinet meeting Wednesday.

Ruling party sources said the DLP is considering forcing action on the two major bills early next week if the DP remains opposed to the bitter end.

Despite the opposition DP's return to the Assembly, it is still discussing how to cope with the ruling party's one-sided handling of major bills.

The DP has only reaffirmed its earlier pledge to struggle against the budget bill which is "still pending in the house without being resolved."

DP floor leader Sin Ki-ha said the ruling party put on "a political show" in handling the budget bill as vice speaker Yi Chun-ku chaired the plenary session in the press parlor, not from the speaker's seat.

In connection with the WTO pact, the opposition party seeks the formation of a special parliamentary committee to conduct effective deliberation.

And on the government reorganization plan, the DP insists that the National Assembly should offer an alternative after entertaining a wide range of opinions from academia, government ministries and opposition parties.

The DP plans to hold a lawmakers' caucus meeting Tuesday to discuss effective ways to battle the ruling party.

Opposition Schedules Massive Outdoor Rally

SK0512063694 Seoul YONHAP in English 0625 GMT 5 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 5 (YONHAP)—The opposition Democratic Party (DP) will hold another massive outdoor rally at the Seoul Station Plaza at 2:00 PM on Saturday [10 December] to urge the government to indict those involved in the Dec. 12 military revolt, party officials said.

Under its policy of continuing to act outside the National Assembly, the party held a meeting of the "planning team for struggle to indict those involved in the Dec. 12 military revolt" to decide on the rally.

On Dec. 3 the party staged a similar rally in Puchon city, Kyonggi Province, to denounce the government and the ruling party for their action in response to the Dec. 12 revolt.

The party will cooperate closely with the emergency planning committee of anti-government private groups to prepare for a successful rally.

The DP also decided to publish a special party newspaper to provide public relations for the rally.

Government Decides To Restructure Administration

SK0312062394 Seoul KBS-1 Radio Network in Korean 0530 GMT 3 Dec 94

[FBIS Translated Text] The ROK Government has decided to massively restructure the government organization for the sake of globalization. Hwang Yong-ha, minister of government administration, is at this moment announcing the government plan to restructure the government organization.

Reporter Yi Se-kang will report live from the Unified ROK Government Building:

[Yi Se-kang] Hwang Yong-ha, minister of government administration, has just begun reading the announcement.

ROK President Kim Yong-sam convened a high-level Democratic Liberal Party-government meeting today to discuss globalization. At the meeting, he ordered the restructuring of the government to maximize the efficiency of the government administration for the sake of globalization.

Details of the restructuring are: The Economic Planning Board and the Finance Ministry will be merged into the Finance and Economic Board [chaejong kyongje won], and the Construction Ministry and the Transportation Ministry will be merged into the Construction and Transportation Ministry [konsol tongsin pu]. The Tourism Bureau of the Transportation Ministry will be transferred to the Culture and Sports Ministry.

The Trade, Industry, and Resources Ministry will be renamed as the Trade and Industry Ministry [tongsang sanop pu]. The Communications and Post Ministry, the Science and Technology Ministry, and the Information Ministry will be merged into the Information and Communications Ministry [chongbo tongsin pu]. The Health and Social Affairs Ministry will be renamed the Health and Welfare Ministry [pogon pokchi pu]. The Environment Agency will be upgraded to the Environment Ministry [hwangyong pu].

The Fair Trade Commission of the Economic Planning Board will be placed under the Office of the Prime Minister. The Home Ministry and the Education Ministry will be restructured in compliance with the era of local autonomy.

The number of government ministries will be reduced from the current 22 to 20. As a result, two ministerial positions, three vice minister positions, four assistant minister positions, and 23 bureau chief positions will be eliminated. The government and the ruling party will present a bill on the restructuring to the National Assembly and pass it at the current assembly session. If

this bill is passed, the government ministries will be restructured in January at the earliest.

Merge Creates 'Super Ministry'

SK0512012894 Seoul THE KOREA TIMES in English
5 Dec 94 p 9

[Report by Yi Chang-sop]

[FBIS Transcribed Text] The merger of the Ministry of Finance [MOF] with the Economic Planning Board [EPB] will create a "super ministry," which will be regarded as a mini-government within the government.

Due to the merger, at least 10 high-ranking posts will be eliminated. They include one minister, one vice minister, one assistant minister and seven director generals at the EPB and the MOF.

But the government says job security for those below the director generals will be guaranteed even if several posts become redundant.

It says the amalgamation is necessary to change the function of the planning at the EPB and the control-oriented financial guidance at the MOF.

In setting economic policy, a close coordination of fiscal and financial policies is utmost. The integration of budget setting and expenditure functions, which both the EPB and the MOF have so far separately handled, is also needed.

The government needs one channel for external economic policy, including the opening of the capital market and an economic assistance program for developing countries, it said.

In line with this philosophy, the government has decided to merge the EPB with the MOF to create what is called "Board of Finance and Economy," which will be headed by the deputy-premier level Cabinet member. It is highly probable Deputy Premier and EPB Minister Hong Chaehyong will become the first head of the merged board, sources said.

The banking, securities, insurance and international finance bureaus of the Ministry of Finance will be integrated into the Office of Financial Policy, which will be in charge of strengthening macroeconomic aspects.

The economic planning bureau and economic policy adjustment bureaus of the Economic Planning Board will be abolished and the economic policy bureau will be newly created.

The MOF's economic cooperation bureau will be absorbed into the EPB's External Economic Bureau, which will be in full charge of preparing for the launch of World Trade Organization, the Organization for Economic Cooperation and Development membership and inter-Korean economic cooperation. The customs bureau of the Ministry of Finance will also be absorbed into the Tax Office of the Ministry of Finance.

Upon hearing the news, both EPB and MOF officials were dumbfounded and mum. From the government's point of view, the larger ministry will be the most powerful organ that will implement economic policy in the future.

But from the view of EPB and MOF officials, the marriage is a matchmaking between those with extreme views. EPB officials have been advocating a Western-style free market economy while MOF officials have been espousing a "managed Korean-style economy."

In policy formulation, both ministries have clashed and criticized each other but it is an unanswered question whether the merged ministry will be able to maintain harmony within itself and whether other ministries can exercise influence over the merged ministry, even MOF and EPB officials said.

The unsolved question is whether the MOF is absorbing the EPB or whether the EPB is taking over the MOF, a Seoul professor said.

But it is a minor issue as long as the integrated ministry is able to provide efficient service to the people, he added.

EPB officials said the EPB will take over the MOF while MOF officials say the MOF will absorb the EPB. President Kim Yong-sam, in announcing the reorganization, has not mentioned details of the unification.

For the past few years, debate has been active over whether the EPB should be downscaled or not. From its inception in 1961 through the 1980s, the EPB has been instrumental in motoring national economic development. But as the economic size grew and its structure became complicated, the EPB has often been regarded as a hindrance to the nation's economy.

Within the ministry, duplicate divisions will be merged and this will result in eliminating jobs, which is a great source of worry for government employees.

The merger will accelerate financial reform and raise efficiency in policy making, according to an EPB official.

High-Level Posts Reduced

SK0312084194 Seoul YONHAP in English 0827 GMT
3 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 3 (YONHAP)—The government announced Saturday [3 December] an overhauling structural reorganization streamlining and elevating ministries.

The measure reduces number of high-level posts—two ministers, three vice ministers, four assistant ministers and 23 director-generals.

Government Administration Minister Hwang Yong-ha told a press conference that all legal papers have already been sent to the National Assembly for approval as soon as possible.

"We will try our best to complete all necessary procedures within this month," he said.

The most dramatic change in what the government called "revolutionary step" is the merge of the Economic Planning Board (EPB) and the Finance Ministry to form the "Finance and Economy Board" headed by a deputy premier-level official.

This new board will keep EPB's national budget planning function, but each ministry is expected to have more say in budget matters in a move to increase its independence in policymaking.

Officials said bold followup measures are in order to reduce finance and foreign exchange regulations.

Hwang suggested that the board will take over some of the international trade functions from the Foreign Ministry, saying the adjustments will be made through working-level consultations.

The Construction and Transportation Ministries become one while the Trade, Industry and Resources Ministry is reborn as Trade- Industry Ministry.

The Communications Ministry was renamed as Information and Communications Ministry while the Health and Social Affairs Ministry was renamed Health and Welfare Ministry.

The Environment Ministry, kept at administration level, was elevated to a full ministry in function and organization.

Other changes affect the Fair Trade Commission which is now placed under the Prime Minister's Office instead of under the EPB.

The Home Affairs Ministry was both enlarged and diminished, losing much of its controlship in local affairs before the local autonomy starting next year while boosting its anti-disaster divisions.

University policy office of the Education Ministry becomes smaller as it is turned over to a director-general official.

The Administrative Coordination Office under the prime minister was given more power, put in charge of chairing the vice ministers' meeting.

More steps are expected to adjust other organizations, including local and government-invested institutions to fit the new government structure, officials said.

International restructuring of division and lower offices will be left up to the minister to absorb necessary changes from the government reorganization.

Effort To Streamline Organization

SK0312063694 Seoul YONHAP in English 0536 GMT
3 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 3 (YONHAP)—The government decided Saturday to merge the Ministry

of Finance and the Economic Planning Board (EPB) as well as the Ministries of Construction and Transportation in an effort to streamline its organization.

In a large-scale reorganization, the government will also change the Ministry of Communications into the Information and Communications Ministry and the Health and Social Affairs Ministry into the Health and Welfare Ministry.

A meeting of senior government and party officials, presided over by President Kim Yong-sam, was held to decide the reorganization.

Prime Minister Yi Yong-tok, ruling Democratic Liberal Party (DLP) chairman Kim Chong-pil and other senior figures attended the meeting.

The reorganization was agreed to achieve the globalization vision that President Kim recently advocated.

It will include an elevation of the status of the Environment Ministry and the Fair Trade Commission.

The relatively small Environment Ministry will be expanded to the same level as other ministries and the Fair Trade Commission, which had answered to the Economic Planning Board (EPB), will be moved under the direct control of the prime minister's office.

The Trade, Industry and Energy Ministry will be reorganized as the Trade and Industry Ministry, while the Home, Agriculture- Forestry-Fisheries and Education Ministries will undergo functional adjustments.

The responsibilities of the chief assistant to the prime minister for administration coordination will be promoted so that he serves as chairman of vice ministers' meetings.

The reorganization is designed to realize President Kim Yong-sam's long-term globalization program and enhance the administration's productivity, efficiency and competitiveness, an official said.

The government will shortly take legal steps effecting the reorganization, he added.

The budget formulation performed by the current EPB will be done by the integrated Economic Planning-Finance Ministry, not the Office of the President, he said.

Prime minister Yi Yong-tok called a special cabinet meeting Saturday afternoon to resolve amendments to government reorganization-related laws and formally announce the revamp.

The government participants in the luncheon meeting included Prime Minister Yi, Deputy Premier and EPB Minister Hong Chae-hyong, Finance Minister Pak Chae-yun, Trade-Industry-Energy Minister Kim Chul-su, Transportation Minister O Myong, Information Minister O In- hwan, Education Minister Kim Suk-hui, Construction Minister Kim U- sok, Government

Administration Minister Hwang Yong-ha and First State Minister for Political Affairs So Chong-won.

Taking part from the ruling DLP were Chairman Kim Chong-pil, chief policymaker Yi Se-ki, floor leader Yi han-dong and spokesman Park bum-jin.

Representing Chongwadae [presidential offices] were chief presidential secretary Park Kwan-yong, senior secretary for political affairs Yi Won-chong, senior secretary for economic affairs Han lee-hun, senior secretary for government affairs Yi cui- keun and senior press secretary Chu Ton-sik.

The government reorganization program will be referred to the regular National Assembly session for final endorsement after being resolved at the Cabinet meeting.

Ruling, Opposition Parties Differ on 'Revamping'

SK0512013094 Seoul THE KOREA TIMES in English
5 Dec 94 p 2

[FBIS Transcribed Text] The ruling Democratic Liberal Party [DLP] welcomed the revamping of the government, billing it as an "administrative revolution," while the opposition Democratic Party [DP] regarded it as a well-calculated political move to paper over its responsibility for railroading the budget through the National Assembly.

The DLP convened a meeting of the Executive Council, the party's supreme decision-making body, Saturday afternoon and endorsed the government decision which was announced by President Kim Yong-sam during an administration-party consultation at Chongwadae [presidential offices] earlier in the day.

The DLP appraised the reorganization as a "revolutionary reform measure needed to expedite globalization," vowing that the party will exert every effort to help the reform succeed.

DLP Chairman Kim Chong-pil apologized to Executive Council members for not consulting with them beforehand, saying this was inevitable as such a revolutionary reform measure will be hard to enforce in the face of strong resistance from interest groups affected by it if it is known beforehand.

"Like the implementation of the real-name financial transaction system, the administration reform plan had to be kept in secret because of its bombshell effects," Kim said.

The DLP chairman went on, "This was also inevitable to counter a turf war among government ministries, many of which are subject to the revolutionary revamping."

Some Executive Council members expressed concern over adverse side-effects which may arise in the course of the sweeping administrative shake-up.

Rep. Hyon Kyong-tae said, "It will take a long time for the administrative reform to take root. There is certain to be commotion in officialdom which will deepen civil servants' 'lying down on the job' mentality."

Rep. Kim Yong-ku said that the ruling camp will be hit hard by the sweeping government reorganization especially in the face of next year's local elections as many government officials will have their jobs eliminated.

Rep. Pak Myong-kun took issue with the merger of the Economic Planning Board [EPB] and the Finance Ministry, both of which carry out huge administrative tasks, and retention of some non-economic ministries which are in charge of lesser works.

Rep. Yi Sung-yun raised a question over the effectiveness of the government decision to strengthen the function of the administration coordination department at the Prime Minister's Office.

The opposition DP discounted the administrative reform as the ruling camp's ploy to paper over its repeated policy failures and hardline political maneuvers including the railroading of the 1995 budget through the Assembly Friday night.

DP spokesman Rep. Pak Chi-won said, "This was done in raw haste. We cannot but worry about the remaining years of President Kim's term upon seeing that such an important national matter is implemented in such a 'show of surprise.'"

DP chief policymaker Rep. Kim Pyong-o took issue with the merger of such mega-ministries as the EPB and Finance Ministry, saying that this is against the global trend of "slim and trim."

Other DP lawmakers argued against keeping the Information Ministry, the government mouthpiece.

Burma

Financial Market Promotion Agreed With Japan

BK0312091094 Rangoon THE NEW LIGHT OF MYANMAR in English 30 Nov 94 p 6

[FBIS Transcribed Text] Japan and Myanmar [Burma] signed a memorandum of understanding [MoU] to render assistance to Myanmar's establishing of stock and share markets and developing of capital markets and privatisation.

As a result of the Seminar on Securities, Capital Markets and Privatisation jointly sponsored by the Ministry of National Planning and Economic Development, the Ministry of Finance and Revenue, the Central Bank of Myanmar and Daiwa Institute of Research Ltd [Limited] at Myanmar Education Research Department, here on 24 and 25 October 1994 the MoU was signed at the Myanmar Investment Commission Office this afternoon.

Minister for National Planning and Economic Development Brig-Gen Abel and Chairman of Daiwa Securities Co Ltd of Japan Mr Sadakane Doi signed it.

Under the MoU, the company will participate in Myanmar's effort in developing its capital market, establishing stock and share markets, privatisation, establishing joint-ventures, establishing companies which will issue securities, developing computer system and offering trainings.

Ambassador of Japan Mr Takashi Tajima, officials and invited guests were also present.

Brig-Gen Abel hosted dinner in honour of the chairman of the company and participants at Karaweik Hall.

Home Affairs Minister Leads Bangladesh Visit

Officials Welcome Group

BK0112164894 Rangoon Radio Myanmar in Burmese 1330 GMT 1 Dec 94

[FBIS Translated Text] A six-member goodwill delegation led by Mr. Abdul Matin Chowdhury, home affairs minister of the People's Republic of Bangladesh, arrived in Yangon [Rangoon] by air at 1410 this afternoon at the invitation of Lieutenant General Mya Thinn, member of the State Law and Order Restoration Council and minister of home affairs.

The delegation was welcomed at the airport by Lt. Gen. Mya Thinn, minister of home affairs; Colonel Tin Hlaing, deputy minister of home affairs; and responsible departmental officials.

Radio Reports on Activities

BK0212150794

[FBIS Editorial Report] Rangoon Radio Myanmar in Burmese at 1330 GMT on 2 December carries two

reports on the activities of Bangladesh Home Minister Abdul Matin Chowdhury in Rangoon.

In the first report, the radio notes: "Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and commander in chief of the Defense Services of the Union of Myanmar [Burma], received Mr. Abdul Matin Chowdhury, minister of home affairs of the People's Republic of Bangladesh [PRB], and his party—currently in Yangon [Rangoon]—at the Ministry of Defense's Dagon House at 1000 today.

"Joining Senior Gen. Than Shwe at the meeting were General Maung Aye, vice chairman of the SLORC, deputy commander in chief of the Defense Services, and commander in chief of the Army; SLORC Secretary-1 Lieutenant General Khin Nyunt; SLORC Secretary-2 Lt. Gen. Tin U; Lt. Gen. Mya Thinn, minister of home affairs; Deputy Foreign Minister U Nyunt Swe; and Protocol Department Director General Thura U Aung Htet. The guest delegation was accompanied by Retired Brigadier General Khalequzzaman Chowdhury, ambassador of the PRB."

Subsequently, the radio adds that SLORC Secretary-1 Lt. Gen. Khin Nyunt received Bangladesh Home Minister Chowdhury and his party at the Dagon House at 1500. Also attending on the Burmese side were Lt. Gen. Mya Thinn, U Nyunt Swe, and Thura U Aung Htet. The Bangladesh side was accompanied by Ambassador Chowdhury.

Drug Trade Pact Signed

BK0212085894 Rangoon Radio Myanmar in Burmese 0630 GMT 2 Dec 94

[FBIS Translated Text] A six-member goodwill delegation led by Mr. Abdul Matin Chowdhury, home affairs minister of the People's Republic of Bangladesh [PRB], arrived by air in Yangon [Rangoon] yesterday afternoon at the invitation of Home Affairs Minister Lieutenant General Mya Thinn.

Mr. Abdul Matin Chowdhury, home affairs minister of the PRB, and party, who are currently in Yangon, called on Lt. Gen. Mya Thinn, minister of home affairs, at the latter's office yesterday evening. Following the meeting, a ceremony to sign an agreement on cooperation between the governments of the PRB and the Union of Myanmar [Burma] to prevent illegal trading of narcotic drug and psychotropic substances, and chemicals was held at the Ministry of Home Affairs' Meeting Hall.

Joining Lt. Gen. Mya Thinn, chairman of the Central Committee for Drug Abuse Control [CCDAC] and minister of home affairs, at the signing ceremony were Colonel Tin Hlaing, deputy minister of home affairs; Director General San Thein of the People's Police Force; U Tin Tun, director of the Political Department of the Ministry of Foreign Affairs; U Nyi Pu, deputy director general of the Immigration and Manpower Department; and Police Colonel Ngwe Soe Tun, joint secretary of the

CCDAC; while the guest delegation was accompanied by retired Brigadier General Chowdhury Khalequzzaman, ambassador of the PRB.

Delegation Ends Visit

BK0512011594 Rangoon TV Myanmar Network in Burmese 1330 GMT 4 Dec 94

[FBIS Translated Text] Mr. Abdul Matin Chowdhur, minister of home affairs of the People's Republic of Bangladesh [PRB], and delegation—currently in Myanmar [Burma] on a goodwill visit—visited Shwedagon Pagoda at 0845 today and signed the visitors' book at the pagoda. Next, the guest delegation went on a study tour of Pyidaungsu Aye Yeik Nyien. Responsible personnel escorted the delegation and gave explanations during the tour. Continuing, the delegation called on Foreign Affairs Minister U Ohn Gyaw at the Foreign Ministry Annex.

The guest delegation of the PRB, Home Affairs Minister Mr. Abdul Matin Chowdhur and delegates, left Yangon [Rangoon] by air this evening after paying a goodwill visit.

The delegation was seen off at Yangon International Airport by Lieutenant General Mya Thinn, members of the State Law and Order Restoration Council and minister of home affairs; retired Brig. Gen. Chowdhury Khalequzzaman, ambassador of the PRB; and responsible personnel.

Ohn Gyaw Attends Joint Commission Meeting

Leaves for Meeting

BK3011153694 Rangoon Radio Myanmar in Burmese 1330 GMT 30 Nov 94

[FBIS Translated Text] Foreign Minister U Ohn Gyaw left for Bangkok by air this evening to attend the ongoing Second Myanmar [Burma]-Thai Joint Commission meeting, which is being held from 28 November to 3 December, at the invitation of Thai Foreign Minister Mr. Thaksin Chinnawat.

He was seen off at Yangon [Rangoon] International Airport by Lieutenant General Aye Thaung, minister of labor; Brigadier General Lun Maung, minister of the Prime Minister's Office; U Nyunt Swe, deputy minister of foreign affairs; charge d'affaires of the Thai Embassy, and responsible personnel from the Ministry of Foreign Affairs.

Returns From Meeting 3 Dec

BK0312161094 Rangoon TV Myanmar Network in Burmese 1330 GMT 3 Dec 94

[FBIS Translated Text] U Ohn Gyaw, minister of foreign affairs, returned from Thailand tonight after attending

the Second Myanmar [Burma]-Thai Joint Commission meeting held in Bangkok, Thailand on 1 and 2 December.

During his stay in Thailand, Minister U Ohn Gyaw was received by Thai King Phumiphon Adunyadet and Prime Minister Chuan Likphai. Minister U Ohn Gyaw also held cordial discussions and exchanged views with Thai Foreign Minister Thaksin Chinnawat on matters concerning the bilateral relationship and cooperation, and on regional matters.

At this Second Myanmar [Burma]-Thai Joint Commission meeting, discussion focussed on matters concerning reciprocal visits by the delegations, a cultural exchange program, the tourism industry, a technological exchange program, opening up border-crossing checkpoints, forestry and fishery industries, boundary issues, and cooperation and improvement in the transportation and banking industries.

Suu Kyi Seen Key to Ending Diplomatic Isolation

MS0312093994 London THE TIMES in English 3 Dec 94 p 13

[Report by Abby Tan: "Junta Courts Critics to End Burma's Isolation"]

[FBIS Transcribed Text] Rangoon—Burma's military junta has acknowledged for the first time that its star prisoner and the champion of democracy, Aung San Suu Kyi, can help the generals break out of their international isolation.

In a tone largely conciliatory, Major-General Khin Nyunt, the chief of intelligence said to be the most powerful man in the junta, told The Times that two rounds of talks with the winner of the Nobel Peace Prize were part of the reconciliation process the regime is seeking with Burma's opposition and multifarious minority groups.

"Why did we have two discussions with Aung San Suu Kyi? Because of the long-term interest of the nation," said General Khin Nyunt, who is Secretary One of the feared State Law and Order Restoration Council. He spoke for the first time to a British newspaper since the arrest of Daw Suu Kyi [as published] in a reception house within the heavily guarded compound of the Ministry of Defence in Rangoon. Daw Suu Kyi has been kept in isolation since she was arrested in 1989, with only occasional visits from her husband, Dr Michael Aris, who is a Fellow of St Antony's College, Oxford, and visiting professor of Tibetan and Himalayan studies at Harvard University. Her National League for Democracy Party won the 1990 elections with a large majority, but the junta prevented it from taking office.

The junta dialogue with Daw Suu Kyi comes amid growing signs that the military leaders are moving to meet some of the demands of Western nations to curb the arrests of political dissidents, end forced labour, and

install a mechanism for a transition to popular democracy. David Dain, Assistant Under-Secretary of State for South and South-East Asian Affairs at the Foreign Office, and Thomas Hubbard, US Deputy Assistant Secretary of State, visited Rangoon in November.

"All the visits were positive," General Khin Nyunt said. "They didn't give any directives. They came to see how to build better relations with our country."

He said the request of the International Committee of the Red Cross to visit hospitals and jails in Burma was under consideration. The government is studying the Red Cross draft of its memorandum of understanding. "If it is consonant with the law then we will continue with what we have to do," he added without elaborating.

The junta has also held three meetings on human rights with UN officials in New York and cooperated with the UN on the repatriation of 100,000 minority Rohingyas, who fled to neighbouring Bangladesh claiming persecution.

In recent weeks Burmese officials have met Yozo Yokota, the UN rapporteur for Burma and Rafeuddin Ahmed, a UN Under-Secretary-General.

Observers in Rangoon were startled and cautiously encouraged to see on television Aung San Suu Kyi meeting junta leaders. The last talks, in October, lasted three hours. She has been under house arrest for over five years since the junta crushed the democracy movement she led.

Diplomats hope she will be released in January, when she will have completed the five years' official detention without trial allowed under the law. Her first six months in jail was not considered official.

Burmas former donors, who cut off aid and minimised trade with the junta, are also responding to the state law councils moves. With various euphemisms, they have begun speaking to the junta they have shunned since 1988.

Observers note that Western governments have come round to accepting the fact that isolating the regime is disadvantageous to them.

Rangoon is now a capital bustling with businessmen from Singapore, Thailand and China, pouring money into hotels, factories and other joint ventures. American and European business has been left behind in what is expected to be the region's next boom country as Burma opens its economy to foreign investments.

Reports Continue on Returnees From Bangladesh

On 21-23 Nov

BK0212133694 Rangoon THE NEW LIGHT OF MYANMAR in English 26 Nov 94 p 7

[FBIS Transcribed Text] Altogether 3,484 persons of 682 households who returned from Bangladesh were

accepted at camps in Rakhine [Arakan] States from 21 to 23 November, the total returnees since 22 September 1992 being 111,114.

They were accepted under a Myanmar [Burma]-Bangladesh agreement.

On 24 Nov

BK0312084594 Rangoon THE NEW LIGHT OF MYANMAR in English 29 Nov 94 p 7

[FBIS Transcribed Text] A total of 1,126 persons from 202 households returned from Bangladesh and arrived at various reception camps on 24 November under the agreement reached between Myanmar [Burma] and Bangladesh.

Among them, 303 persons from 47 households were accepted at Ngakhuya camp, 226 persons from 45 households at Pyinbyu camp, 414 persons from 75 households at Kanyinchaung camp and 18 persons from 35 households at Magyichaung camp.

Altogether 112,240 persons from 23,547 households have arrived back so far since 22 September, 1992.

On 25 Nov

BK0312084794 Rangoon THE NEW LIGHT OF MYANMAR in English 30 Nov 94 p 7

[FBIS Transcribed Text] A total of 326 persons of 62 households arrived back at Taungbyo reception camp from Bangladesh on 25 November under the agreement reached between Myanmar [Burma] and Bangladesh.

Altogether 112,566 persons from 23,609 households have arrived back so far since 22 September, 1992.

Brunei, Malaysia & Singapore

Malaysia

Minister Criticizes UNPROFOR Commander

BK0312084394 Kuala Lumpur Voice of Malaysia in English 0600 GMT 3 Dec 94

[FBIS Transcribed Text] Malaysia has expressed dissatisfaction over the role of the United Nations protection force [UNPROFOR] commander in Bosnia-Herzegovina, Lieutenant General Michael Rose, and the UN representative in former Yugoslavia, Yasushi Akashi. Defense Minister Datuk Sri Najib Tun Razak said in Glasgow today that what the UNPROFOR was doing under its present leadership was absolutely meaningless. If the Serbs were able to launch an attack on Bihac as they pleased, it meant that the credibility of the UN could be questioned.

Datuk Sri Najib told a news conference that Malaysia, however, would continue to maintain its peacekeeping contingent in Bosnia-Herzegovina because the troops were playing a useful role. He echoed the call by the

United States for the lifting of the UN arms embargo as the only solution to the battering of Bosnia-Herzegovina.

Commentary Backs Anti-Money Laundering Measures

BK0112153994 Kuala Lumpur Voice of Malaysia in English 0810 GMT 1 Dec 94

[Station commentary]

[FBIS Transcribed Text] Criminal money is the drug of financial centers. Money laundering is hostile to sound economic and financial development. There is no doubt that failure to take action is harmful. Anti-money laundering measures are in no way contradictory with policies to deregulate and liberalize financial systems. Indeed, as more regions move towards free trade, the more necessary anti-money laundering measures become, but there is a worldwide phenomena and not restricted to within borders. A difficulty arises as how one can actually determine ill-gotten money and prevent it from entering a country's financial system.

To address these issues, Malaysia is hosting the second Asia Money Laundering Symposium of the Financial Action Task Force, the FATF. The FATF was established by the Group of Seven, G-7 industrialized countries, to tackle the menace of money laundering, which has become a serious problem. It is clear from the deliberations at the symposium that greater regional and international cooperation is needed to combat the growth of money laundering. Strict measures must be taken to stamp out the problem, for it could threaten a country's financial system. Once money laundering gets into a country's financial system, it will become very difficult to trace as the launderers will change the money into properties or form companies. Money laundering means the conversion of profits from illegal activities into financial assets that appear to have legitimate origins. Money launderers are always looking out for new routes and methods to launder their funds. Their favorite haunt is the international off-shore financial centers, IOFCs.

With such a possibility in mind, Malaysia has imposed strict liabilities to detect the inflow of illegal money into the tax-free haven of Labuan. Still, it is noteworthy that organized crime have vast funds at their disposal. They can buy up financial institutions and their employees. Banks can sometimes be drawn into active complicity with criminals and become part of the criminal network themselves. As such, governments must always be on the guard to check the source of funds. If a country gets a reputation as a money laundering haven, it will attract criminal money but will become less attractive to legitimate capitals which is not good for economic development.

It is heartening to note that FATF members have actively and enthusiastically cooperated in anti-money laundering efforts. The application of anti-laundering

measures will bring all countries up to level playing fields and facilitate dealings between different financial centers rather than imposing competitive disadvantages. Many countries realize that fighting organized crime is like living on the heel of a volcano. Eventually, it will erupt and destroy everything. The problem is still far from being over. It is never too late to take action.

Anti-money laundering measures are not contradictory to policies to encourage capital inflows by liberalizing the financial sector. The real problem associated with money laundering stems not from action but from inaction.

Commentary Warns of 'Unlimited' Press Freedom

BK0312123594 Kuala Lumpur Voice of Malaysia in English 0810 GMT 3 Dec 94

[Station commentary]

[FBIS Transcribed Text] Freedom of the press is now accepted as an essential part of democracy. Quite rightly, the dissemination of news by the press should not be suppressed. Governments have been able to subjugate their people by denying news. But of late, it has even come to be accepted that lies can be fabricated in the name of the freedom of the press. Sometimes totally erroneous views and opinions are created which can undermine the stability and economy of countries, and events have shown that the guardians and practitioners of press freedom are not opposed to using this unlimited license.

Malaysia is no stranger to being the victim of biased reporting and has continually been the target of malicious lies. Nazi Germany perfected the art of half-truths to win over its people and perpetrate the horrors as seen in Auschwitz. The answer lies in the effectiveness of the propaganda machine. The danger, therefore, is where the world community accepts that press freedom confers the right to fabricate and tell lies. The irony is that there is so much talk about human rights, justice and fair play, but a lot of people spread the half-truths. The question that looms is whether there is justice and fair play, but only certain people can influence the minds of the world community. Asian countries are anxious to make as rapid a progress as possible towards a developed stage. One of the most important preconditions of that is political stability. To develop they will need as little hindrance as possible. This precondition can only be achieved if the people are well-informed, responsible, and aware of the results of their action. Democracy confers on the people's rights and freedom of action. But rights and freedom are not free-standing entities. They must be accompanied by a sense of responsibility.

With this in mind, Deputy Prime Minister Datuk Sri Anwar Ibrahim's advice to the media in Asia comes as a sobering thought. He called on them to find a middle ground between the excessive freedom of the West in

carrying the so-called developmental journalism. In carrying developments to the extreme, even mild criticism of ruling elite and a critical attitude is filled with fear, suspicion, and sometimes contempt. For democracy to succeed, the people must be appreciative, not only of their rights, but also their responsibilities. They must know that there is no monopoly by anyone in the definition and exercise of the democracy. The mindless acceptance of someone else's interpretation of democracy is something Asian countries can ill-afford. It is such that there are many who still measure everything based on Western standards—be it democracy, human rights, or press freedom.

Malaysia is pragmatic and chooses a system that is the most suitable. There is no binding to any one particular ideology. The government realizes that it has a duty to protect democracy and freedom. But it would be also failing in its duty if it allows abuse of press freedom to the extent that lies can be spread which undermine economic and political stability.

Singapore

Editorial Welcomes Business Council With Thailand

BK0212134694 Singapore *BUSINESS TIMES* in English 2 Dec 94 p 18

[Editorial: "S'pore-Thai ties on a high"]

[FBIS Transcribed Text] It might sound like a cliché to say that economic ties between Singapore and Thailand have reached a new level with the formation of the Thailand-Singapore Business Council. But things have not always been this rosy. There was a time, as recent as in the late 1980s, when both countries saw each other only as economic rivals. The Abacus incident was an example. Thai Airways pulled out of the Abacus computerised reservations system when other regional airlines picked Singapore over Bangkok as its headquarters. Singapore, on the other hand, viewed with some concern Bangkok's proposed heavy industrial zone, with its oil refineries, in its southern seaboard; it seemed then that it would affect Singapore's role as a "swing" refining centre. But amid Asia's sustained economic boom, the intense rivalry has eased. When Bangkok revived its southern seaboard proposal recently, Singapore refiners were unfazed. They pointed out that the economic pie in the region had become that much bigger and would continue to expand in the 1990s.

In fact, the new business council, proposed a year ago when Prime Minister Goh Chok Tong met his Thai counterpart in Bangkok, has strong foundations. Thailand is among Singapore's top five trading partners, with value-added goods accounting for a growing proportion of Thai exports these days, a reflection of the country's industrialisation. Singapore is also among the top five foreign investors in Thailand. In the last couple of years,

more Singapore banks and stockbrokers have been setting up in Thailand to tap its booming economy, tipped to grow by at least 8 per cent next year. Equally, a growing number of Thai banks and companies are moving to tap Singapore's offshore money market for cheap funds. Indeed, the council adds new strength to bilateral diplomatic ties which have taken a somewhat lower profile once the Cambodia problem was resolved.

It is the wider regional market, in places such as China, India and Indochina, that will give the council plenty of scope to play its role. There will always be rivalries in the corporate world, but there are also lots of opportunities for Thai and Singapore businessmen to work together in cross-border transactions. The fact that businessmen from both sides are talking to each other is itself a good starting point. No one expects deals to come raining down, of course. They will come about when mutual trust and friendship have been built up, especially if the deals are complex and demand different types of expertise. As Singapore's Trade and Industry Minister Yeo Cheow Tong put it, two strong partners make for a strong relationship. Singapore and Thailand can complement each other quite well—for instance packaging turnkey deals, from financing to construction. Thailand's proximity to Indochina would make it a logical staging point to undertake infrastructure projects there, while Singapore could offer financial and project management skills. So, while the council may be a government-inspired initiative, here's another case where the ball is now in the private sector's court.

Cambodia

Hun Sen Denies Reports of Threatened Aid Cuts

BK0212100994 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 2 Dec 94

[FBIS Translated Text] Samdech Second Prime Minister Hun Sen said at the closing of the seminar at the Interior Ministry on the morning of 30 November that our efforts in the economic policy of the government have created confidence among various countries and world monetary institutions.

The samdech stressed that for about two weeks now some individuals have stated that in 1995, some foreign countries will cut off aid to the Kingdom of Cambodia. The samdech said that this kind of statement is economic sabotage directed at the Kingdom of Cambodia. Samdech Hun Sen further said that the individuals in question would not have made these statements if they were real patriots. They should not create unrest in Cambodia's market. Samdech Hun Sen did not name these individuals but stressed that these persons may have to face the tribunal, because this is an act of economic sabotage.

The samdech asked: Which international institution has cut off its aid to the Kingdom of Cambodia? The samdech prime minister stressed that in 1995, not only

will aid not be cut, but it will instead be increased because we have already signed documents with the IMF accepting the conditions to reform the army and to reduce troops by about 20 percent and to reduce the number of civilian officials by 20 percent during a three-year period. The IMF encourages us to do this, and so does the World Bank.

Furthermore, the (Asian) Development Bank will increase its aid, part of which will go to the agriculture and rural area sectors. Samdech Hun Sen asked this question: If foreign countries are said to cut off their aid to the Kingdom of Cambodia, what is the reason? This question will be asked directly by the Royal Government of the tribunal.

The samdech stressed that we will not let anyone carry out economic sabotage and subversion to destroy the country and nation through fomenting unrest. Foreign countries are providing aid to 9 million Cambodian people and not to anyone in particular. Changes in the government are an ordinary thing in a country. Why would the replacement of four or five ministers in Cambodia lead to an aid cut? This is unreasonable. No matter how many times we make changes, aid will still be given because this aid is for 9 million people.

Hun Sen Addresses Interior Ministry Seminar

BK0212122394 Phnom Penh National Radio of Cambodia Network in Cambodian 1200 GMT 30 Nov 94

[Address by Second Prime Minister Hun Sen at the closing of a seminar at the Interior Ministry in Phnom Penh on 30 November; poor reception precludes fuller processing—recorded]

[FBIS Summary] First, I would like to commend the great efforts of all excellencies, ladies, and gentlemen over the past several days in this second seminar.

Through the just-concluded reports and debates at this seminar, there are many problems we must find ways to resolve. It is normal that not all the measures, including the guidelines set forth by higher levels, are correct. Therefore, there should be corrections and improvements from higher levels. "We are in the process of moving forward and also searching; there is no model for us to follow." We should draw experience from what we do and improve on it as we go along.

Frankly speaking, among institutions in the Royal Government the most complicated and largest institution is the Interior Ministry. The job of the Interior Minister is not an easy one that just anyone can do. To some people it seems that the government has done nothing, but if we take a look at the past and present situation, we are proud of what we have done so far. We are not so proud of ourselves that we do not see our shortcomings discussed at this seminar. The government would have collapsed six months ago if there were more bad things than good.

Now I would like to give some opinions on behalf of the Royal Government.

First, I would like to speak about the political and economic situation in the past year. The first outstanding point is the good cooperation between political parties within the framework of the National Assembly and Royal Government, and even political parties taking part in the election. This is vital to our country and has created a most favorable political situation for national development.

"The second point is that we have been able to maintain political stability—the most favorable factor for the process to restore and develop the nation." In the past year, we encountered difficult moments created by the Khmer Rouge and extremist groups. The increase in the volume of foreign investment and in the number of tourists proves that foreigners are confident in our political stability. Prince Krompreah, in his capacity as chairman of the Council for the Development of Cambodia, which is in charge of investment, has already told you about this.

I believe that within the next few weeks, if we manage to sign agreements with another number of foreign companies, investment will certainly increase. "One of the contracts is worth \$1.3 billion million, dealing with a power plant, airport, hotels, and, to be frank, also a casino." However, do not expect Cambodians to be allowed in this casino. It is for international use only. The casino represents only a small part in this contract. The main things are the power plant, the industrial zone, the airport, clean water, and a number of other infrastructures. The hotel should have no less than 2,000 rooms. There are a number of other contracts to be signed. "All of this is made possible thanks to political stability and the confidence in the fact that the Kingdom of Cambodia will be moving forward and has a bright future."

The third point is the smooth consolidation of the armed forces and the current process to reform the armed forces and the reorganization of the civilian administration. These are the points we have to realize.

We have not only ended fighting among political forces but have also combined the armed forces and the civilian administration and also started to reform them. "The Interior Ministry will also be affected by the reform and has to accept some points." Do not mistake this as pressure from the IMF and the World Bank. "This is the political decision of our Royal Government. If we carry out reform, we could live; without reform we could die."

"Prince Krompreah, myself, and members of the Royal Government clearly know that a number of parties, including the Khmer Rouge and some opponents, could use this reform to oppose the Royal Government because the reform includes the reduction of troops, police, and civilian officials. However, teachers will not be affected. This point will be used to oppose the

government. However, we would like to convey this to the opponents: If you want to hold power after 1998, you should encourage the government to achieve success in this reform. Why? If the reform cannot be carried out, not just the Ranariddh-Hun Sen government, but whoever is in power and whatever government, they, too, will die all the same." IMF and the World Bank will sustain our balance only up to (?1997). We have to reduce personnel before we can have a pay raise.

The fourth point is that we have achieved success in promoting the economy. "We have been able to stave off inflation. We have established stability and enjoyed the trust of IMF, the World Bank, and other monetary institutions, such as the Asian Development Bank."

About two weeks ago, some persons announced that aid to the Kingdom of Cambodia will be cut in 1995. "That announcement constitutes an act of economic sabotage against the Kingdom of Cambodia." They should not have done that if they are really patriotic. They should not create chaos on the Cambodian market. I do not have to mention them by name. They might have to face court charges because this is an act of straight economic sabotage. Which international organization has cut aid to the Kingdom of Cambodia?

I would like to make this declaration in addition to one made by the Prince Krompreah a few days ago. "In 1995, not only will the aid not be cut, it will be increased. We have already signed an agreement with the IMF, accepting its conditions to reform the army and reduce the armed forces by about 20 percent and the civilian officials by 20 percent within three years. The IMF and the World Bank encourage us to do this. Moreover, ADB, the Asian Development Bank, will give us additional aid, which includes funds for agriculture and rural development. The World Bank will provide additional aid of \$40 million for us to use within five years as a social fund that we might borrow to build bridges, rural roads, and small dams and dikes."

We will also get additional funds from France for developing tourist sites in Siem Reap Province and for developing rubber plantations and rural areas.

What is the goal of the announcement that aid to the Kingdom of Cambodia will be cut? This question might have to be asked before the court. We will not allow anyone to sabotage our economy by creating such chaos. Interior Ministry officials must grasp this point well: We will not allow anyone to sabotage our economy. Foreign countries give aid to 9 million Cambodians and not to anyone in particular. A reshuffle in the government is just an ordinary process, an ordinary practice of our country to improve our work. Why must foreign countries cut aid to us just because we replace five or six ministers? No matter how many times we make changes, foreign countries will still give us aid. This is because they give aid to our 9 million people. They will not give us aid when we stage a coup d'etat to seize power. A government born from an election will certainly get aid.

So do not worry. All of you should inform the people clearly that aid will not be cut. The government will definitely take legal action against this economic sabotage.

The fifth point is that during the past year, we have created a number of legal documents. That is, the Interior Ministry has drafted a number of laws, such as the immigration law, and is drafting some other laws. Through these five points, it can be said that the situation in Cambodia is more favorable than ever before.

The efforts of the 4th Military Region have allowed us to send tourists to Siem Reap. Investors are able to visit and study many areas. This is recognition of our progress.

Now let us look at the Khmer Rouge and their situation. In general, the Khmer Rouge cannot attack and hold areas in the country's interior that are not connected to the Thai border. We should realize that the Khmer Rouge has no real strength. The Khmer Rouge's military activities are aimed at making others recall the Khmer Rouge politically. They are designed to make others realize that the Khmer Rouge is still a force to be reckoned with and to be included in the government.

"The Khmer Rouge is most afraid of aid from foreign countries, foreign investment, and tourists in Cambodia. Once these start coming in, we will be able to develop the country; and once there is development, the people will be saved from poverty, and the Khmer Rouge can no longer use the class oppression doctrine."

The Khmer Rouge has been trying to prevent its troops from defecting; to maintain their forces; and also to replenish their forces. The Khmer Rouge has failed to stop defection. "The end is near." What I would like the coministers of interior to pay attention to is the fact that the Khmer Rouge could fill their ranks with criminals. The Khmer Rouge will strive to attack foreigners. Measures should be taken to absolutely protect foreigners and investors.

Government Appeals for Rice Aid in 1995

BK0212040194 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 1 Dec 94

["Appeal by the Royal Government of Cambodia"—dated 22 November]

[FBIS Translated Text] Since its inception, the Royal Government of Cambodia [RGC], which was born of the Cambodian people's will and with the most active support from the international community, has paid great attention to the task to rehabilitate and develop agriculture and rural areas. In particular, it has set the goal [words indistinct] the implementation of the water policy, which is the lofty initiative of His Majesty King Norodom Sihanouk of the Kingdom of Cambodia,

aimed at raising the living standards of the Cambodian people and at promoting the development of the national economy.

Unfortunately, along with the RGC's busy efforts, in 1994 Cambodia encountered serious natural disasters that greatly affected the process which has been going on well. In particular, floods have seriously damaged crops, agricultural products, and affected the people's living standards.

Recently, due to torrential rains from Phnum Aoral, coupled with this year's unusually rapid flow of the Mekong River and the slow speed of receding water, thousands of hectares of farm land, nearly the entire area along the Mekong, Tonle Sap, and Tonle Basak rivers in particular, had been flooded. Worse still, remaining rice fields in a number of other areas have further been damaged because of drought. In sum, according to estimates, in 1995 Cambodia will face a shortage of about 300,000 tonnes of rice.

Faced with this difficult situation, the RGC would like to appeal to friendly countries near and far, international organizations, and all nongovernmental organizations to provide rice aid to contribute to solving the shortage of food supply resulting from natural disasters. The Royal Government needs the food supply in the form of rice to solve the immediate shortage for the people, victims of the above-mentioned natural disasters, and as a basis for stability in the people's lives in the process to produce food supply and to sustain other production activities in the coming years.

The RGC firmly hopes that friendly countries near and far, international organizations, and all nongovernmental organizations will certainly provide necessary support and generous assistance to solve the immediate shortage.

Phnom Penh, 22 November 1994
Norodom Ranariddh, first prime minister; Samdech Hun Sen, second prime minister

Khmer Rouge Blames Government for Food Shortage

BK0412091694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 3 Dec 94

["Statement" issued by the "Ministry of Rural Areas, Agriculture, and Water Conservancy" of the Provisional Government of National Union and National Salvation on 2 December; place not given]

[FBIS Translated Text] I. The group comprised of the two-headed elements, traitors to the nation and communist Vietnam's lackeys, have proclaimed that Cambodia is threatened with famine. They have announced that 2 million people are starving and will die during this dry season.

II. What is the cause of the famines which have occurred annually in Cambodia for the past 15 or 16 years?

1. The problem of famine is not caused by occasional droughts or floods but the war of aggression waged by communist Vietnam to kill the Cambodian nation, annex Cambodia, and exterminate the Cambodian race. The war keeps flaring up in the dry season as it does in the rainy season, preventing the people from working on their farmland. The hostile communist Vietnamese aggressors and their puppets, the two-headed elements, round up adults and force them to serve as soldiers, militiamen, and K-5 workers. In houses and villages there are no adults left except women, infants, and aged persons, who are weak and unable to grow crops by themselves.

2. The people's starvation has stemmed from the continual invasions staged by the enemy communist Vietnamese aggressors and their two-headed lackey puppets. They have constantly carried out their invasions with cannon, shelling and destroying the people's villages and houses, forcing almost all of them to flee their localities. This is to allow the two-headed elements to have the opportunity to steal at will. Their civilian administrators also steal everything, including paddy in the barns, yards, and rice fields; cattle; and the means of production.

3. The two-headed government amasses all kinds of cash from various sources, including money from taxes levied from the people; it has begged for financial aid for the sole purpose of fueling the war. Officially, only 50 percent of the national budget is allocated for the war; but, unofficially, it is 70 to 80 percent. Money given by the alliance, which includes the United States, Australia, France the World Bank, and the Asian Development Bank, is also used for the war. The so-called development funds and the so-called humanitarian aid from the NGO [nongovernmental] groups are also solely for war purposes. War absorbs everything and everything is for war. No concern is dedicated to solving the living conditions of the miserable and starving people nationwide.

III. Cambodia is an agricultural country where several professions can be found. Nevertheless, the fact that the people are living a miserable and difficult life is just because of the strategic policy being implemented by communist Vietnam and the villainous alliance and their puppets, the two-headed government. They are enforcing the policy of starving the people and plundering their land, farmland, paddy, rice, cattle, and means of production in a well planned and systematic manner. This is to starve the people so they can round up and force them to serve as their soldiers in their army.

The victims of the war of aggression being carried out by communist Vietnam, the alliance, and the two-headed government are the Cambodian nation and people as a whole, especially the poverty-stricken people and farmers. In addition, Cambodian soldiers have also

suffered severe food shortages. The privates sent to the battlefield are starving and unpaid while their wives and children at home are starving and unpaid too. Their commanders steal mercilessly; they have misappropriated everything, including the soldiers' salaries and rice. All of them, including the commanders in Phnom Penh and provinces and those in command of units, steal. They steal, steal, steal. They steal in a systematic manner.

IV. The Provisional Government of National Union and National Salvation [PGNUNS] wishes to appeal to the entire nation and people, especially the 7 million compatriot peasants, to join forces in active and decisive fighting. You are urged to carry out the guerrilla and people's warfare under all appearances and with all means to smash the two-headed elements, the puppets and out-and-out lackeys of communist Vietnam and the villainous alliance. You should also go at their military and civilian administrators hammer and tongs. This is to contribute to ending the war quickly, thereby achieving national reconciliation and peace and establishing a national government, with the participation of all national forces, to serve the interests of the nation and people and to solve the problem concerning the livelihood of the people. This is also to allow the people to own land and do their business to once again sustain their living in a normal and safe environment. Only by smashing the demoniac warmongering group to end the war can the problem of starvation be solved at its root cause.

2 December 1994

The PGNUNS Ministry of Rural Areas, Agriculture, and Water Conservancy

Indonesia

GATT Members Urged To Follow U.S. Ratification

BK0412092094 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 4 Dec 94

[FBIS Translated Text] Indonesia hopes that the U.S. Congress' ratification of the Uruguay round of multilateral trade or GATT last Thursday will be immediately emulated by all other GATT members. Speaking at the State Palace yesterday, Foreign Minister Ali Alatas said Indonesia hopes that other great nations will immediately follow the U.S. step. The foreign minister was commenting on the U.S. Congress' important decision. On Thursday night local time, Friday morning Indonesian time, the U.S. Senate ratified the Uruguay round of multilateral trade, or GATT, signed in Marrakech, Morocco, in April 1994. Minister Ali Alatas said the World Trade Organization [WTO] will be formed on 1 January 1995 if all GATT signatories ratify the agreement. He added that other nations had long waited for the U.S. decision.

Ministers Explain Benefit of Trade Liberalization

BK0212145694 Jakarta ANTARA in Indonesian 1353 GMT 2 Dec 94

[FBIS Translated Text] Jakarta, 2 Dec (ANTARA)—Economic restructuring in developed APEC [Asia-Pacific Economic Cooperation] member nations following a consensus on free trade and investment liberalization by 2010 will provide the Indonesian private sector with the opportunity to attract more investment from the region.

"Thus, the government and the private sector need to draw up a strategy to seize the opportunity," Hartarto, coordinating minister for industry and trade, said in Jakarta on Friday [2 December] when briefing the business circles on the results of the APEC economic leaders meeting. Moreover, the APEC Declaration issued in Bogor on 15 November 1994 embodies the desire of member nations to consistently undertake their respective economic restructuring.

According to him, developed APEC member nations such as Australia, Japan, and the United States will undertake economic restructuring in line with the consensus on implementing free trade and investment liberalization in the region no later than 2020 for the developing nations and 2010 for the developed nations.

Hartarto said Indonesia will simultaneously gain the opportunity and face challenges due to wider market access as a realization of the consensus on free trade.

Hartarto called on the Indonesian Chamber of Commerce and Industry and trade associations to play a more active role in developing subregional economic cooperation forums such as the Sijori [Singapore-Johor-Riau] Growth Triangle. He said Indonesia should not be too pessimistic about the consensus on free trade within APEC and GATT because the government has launched various deregulation and debureaucratization packages since 1985 to further enhance the efficiency of the private sector.

Under Indonesia's import tariff book, about 40 percent of 9,400 import tariff posts in Indonesia (4,031 tariff posts) are between 0 and 10 percent.

On the same occasion, Foreign Minister Ali Alatas said the Bogor Declaration reflected the interests of the developing nations because the declaration of the APEC economic leaders was based on the principles of cooperation and equal partnership as well as common responsibility and benefit.

He said Indonesia should thus feel that APEC will not succeed if it serves only the interests of its members and fails to contribute to the settlement of North-South problems.

He stated that pressure from the developed nations can be neutralized only through multilateral forums such as APEC and GATT.

Ali Alatas said the developing nations should, therefore, join multilateral forums rather than bilateral ones.

Minister and State Secretary Murdiono and Bintoro Cokroamijoyo, special assistant attached to the APEC meetings in Indonesia, were among those present at the function organized by the Indonesian Chamber of Commerce and Industry.

Meanwhile, business tycoons Prayogo Pangestu from the P.T. [Company Limited] Barito Pacific and Eka Cipta Wijaya from the Sinar Mas Group, representing the private sector, were also present.

Laos

DPRK Sends Greetings on 19th National Day

BK0312124194 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 2 Dec 94

[National day greetings message from Workers Party of Korea Central Committee and the DPRK Central People's Committee to Khamtai Siphandon, chairman of Lao People's Revolutionary Party Central Committee, and Nouhak Phoumsavan, president of the Lao People's Democratic Republic—date not given]

[FBIS Translated Text] On the occasion of the 19th anniversary of the Lao People's Democratic Republic [LPDR], on behalf of the Workers Party of Korea Central Committee, the DPRK Government, the Korean people, and in our own names, we would like to convey warm greetings to you, comrades, and through you, to the Lao People's Revolutionary Party [LPRP] Central Committee, the LPDR Government, and the fraternal Lao people.

Over the past 19 years, the Lao people, under the correct leadership of the LPRP, have achieved great success in the struggle to defend the country and build a new society. A vigorous struggle has been continuous in your country to strengthen the LPRP, raise the leading role of the party, and consolidate, promote, and develop ever more firmly the popular democratic system.

We are elated to note that the good relations of traditional friendship between our two countries have been enhanced and developed with each passing day. We wish you, comrades, and the Lao people ever greater success in the cause of struggle during the next stage.

Foreign Investors Sought To Expand Phone System

BK0512070894 Bangkok BANGKOK POST in English 5 Dec 94 p 24

[Report by Phirawat Chariyasombat]

[FBIS Transcribed Text] Laos is enlisting the aid of foreign investors in its campaign to increase the ratio of telephones to population from 0.7 to 100 today to 5:100 by the year 2009.

The director-general of the Entreprise des Postes et Telecommunications Lao, Palami Phommathamsi said that with a population of 4.6 million growing at 2.9 percent per year, the country needs to double its telecommunications coverage every three years.

To help achieve its aim of over 300,000 subscribers by 2009, the government has relaxed its investment law to attract more telecommunications projects from overseas. The revamped law came into effect at the beginning of this year.

"The government has opened up the country to foreign investment because there is an inadequate budget for infrastructure development. Laos needs foreign money and knowhow," Mr Palami said.

Corporate tax has dropped accordingly, from as high as 30 percent to only 20 percent. The legal environment, including bankruptcy law, is now more conducive to foreign investment.

With knowhow and experience from foreign investors, Laos will train its people to develop the country after concession periods expire, he said.

According to the country's master plan for telecommunications announced in 1989, over the first 15 years the focus will be on developing a public switching network, upcountry telecommunications, and international links.

The government is considering a fourth-stage plan for telecommunications development which will run from 1997 to 2000. Any interested overseas company is welcome to invest, Mr Palami said.

"Laos expects that by the end of 1996 the public telephone network will reach 17 provinces, although not all of the country's 126 towns. If there is foreign investment, the project will meet with greater success," he said.

Laos Chinnawat Telecom, a joint venture of Chinnawat International Co and the Entreprise des Postes et Telecommunications Lao, has a 16-year concession to run five projects in Laos.

The projects are: cellular mobile telephones, a public switching telephone network, international telecoms, card-operated public telephones, and paging.

Thailand

Government Protests Killing of 17 Thai Workers

BK0212074794 Bangkok BANGKOK POST in English 2 Dec 94 p 10

[FBIS Transcribed Text] Thailand yesterday protested the killing of 17 Thai workers in Cambodia's northern province of Preah Vihear and urged the Cambodian government to bring the perpetrators to justice. Permanent Secretary for Foreign Affairs Pracha Khunnakasem presented a memorandum to this effect to Cambodian Ambassador Roland Eng officials said.

The two met for about 10 minutes yesterday afternoon. On Tuesday the envoy reported to Mr Pracha on the efforts made by the Cambodian government to trace Thai workers still missing from the November 21 incident.

Cambodia has dispatched a special task force made up of about 100 soldiers to the area under Khmer Rouge influence, the envoy told reporters after yesterday's meeting. Initial reports indicated that Khmer Rouge guerrillas were responsible for the abduction of a total of 33 Thai workers of the BLP Import-Export Company. Seventeen of the workers were killed after the company failed to pay a five-million baht ransom. Ten survived, and six are still missing.

The Thai authorities later suggested that the guerrillas may not have been behind the incident. But Mr Eng affirmed yesterday that the Khmer Rouge were responsible. "According to reports from Cambodia, we can confirm they were Khmer Rouge," the envoy said.

He said he was saddened by the death of the 17 workers. "We will help the Thai government find all the Thai workers still missing," he said. "Let my government find them first, then it will arrest the perpetrators and punish them."

Foreign Minister Thaksin Chinnawat was yesterday morning still maintaining that the identity of the Cambodians responsible for the killing had yet to be established.

"We have invited the Cambodian ambassador to convey to him our concern over the matter because it took place on Cambodian soil," the minister said.

"We don't know which Cambodians killed the Thai workers and we will ask the Cambodian authorities to speed up the arrest and punishment of perpetrators," he added.

Asked to comment on criticism that the Foreign Ministry had not done enough, the minister said there were limits to what was deemed proper in international politics.

Defense Minister Says Cambodian Border Unsafe

BK0512012294 Bangkok Radio Thailand Network in Thai 0530 GMT 4 Dec 94

[FBIS Translated Text] Speaking to reporters after offering food to Buddhist monks to mark the King's birthday anniversary at the Buddhist Center in Nakhon Pathom Province this morning, Defense Minister General Wichit Sukmak said the Foreign Ministry had held a meeting with commanders of the three armed forces to discuss the killing of Thai workers by Cambodian soldiers in the border area opposite Ubon Ratchathani Province and to identify the Cambodian faction which was responsible for the bloodshed. The Cambodian ambassador to Thailand was also summoned to the

meeting to discuss the incident. Meanwhile, the Cambodian Government has been asked to conduct an investigation and the people living along the Thai-Cambodian border have been instructed to refrain from any trade activities inside Cambodia at the moment because it is unsafe.

Navy Commander on Border Situation

BK0312090794 Bangkok THE NATION in English 3 Dec 94 p A2

[FBIS Transcribed Text] Additional passes could be closed along the Thai-Cambodian border if the lives of Thais working in Cambodia are further endangered, Navy Commander-in-Chief Adm Prachet Siridet said yesterday.

Chong An Ma border pass in Ubon Ratchathani province has been temporarily closed since a group of armed men massacred Thai timber workers at a logging camp in Cambodia's Preah Vihear province about two weeks ago.

Prachet, whose marines guard the lower southern part of the border, said the economic effects of any further closures should, however, be taken into consideration when deciding how long the passes should stay closed. He revealed that Foreign Ministry officials yesterday met armed forces commanders to discuss the Nov 21 massacre of 17 Thai loggers.

The government planned to send a letter to the Cambodian government demanding that Phnom Penh accept responsibility for the deaths and accelerate its investigation, Prachet said.

The issue was being handled by the government and the armed forces saw no need to intervene, but would support whatever policy the government decided.

Prachet refused to say whether the armed forces have learnt who was responsible for the murders. He said the Cambodian government should answer this question.

Meanwhile, Cambodian military chief of staff chairman, Gen Ke Kimyan yesterday, met Supreme Commander Gen Watthanachai Wutthisiri at the Supreme Command headquarters in Bangkok yesterday.

Watthanachai said they did not talk about the massacre, because Ke Kimyan had no fresh information to give him. Ke had not been invited to Thailand for interrogation, but to attend the trooping of the colours in celebration of His Majesty the King's birthday.

The supreme commander added that the military will certainly not put any pressure on the Cambodian government to find the killers, because the armed forces do not even know whether the Thais were slain by Khmer Rouge guerrillas or Cambodian government rangers.

Foreign Ministry Deputy Permanent Secretary Sarot Chawanawirat said yesterday the border passes on the Thai-Cambodian border could be closed if the situation

took a turn for the worse. He said the closure of the An Ma border pass is a temporary measure until the situation improves.

"A meeting at the Foreign Ministry on Wednesday agreed that the border pass be closed to prevent possible reoccurrence of such a tragedy. Further measures to handle the matter will be discussed later," he said.

An informed source said yesterday officials could not determine during the meeting which Cambodian group massacred the workers of the BLP Co.

"There is a strong indication, however that the Khmer Rouge may not be responsible for the mass killing," the source said.

Sarot yesterday urged the company executives to give authorities more information about the firm's operations in Cambodia and possible conflicts that might have led to the massacre.

Supreme Commander Receives Cambodian General

BK0212134894 Bangkok Radio Thailand Network in Thai 1200 GMT 2 Dec 94

[FBIS Translated Text] This morning Supreme Commander General Watthanachai Wutthisiri invited General Ke Kimyan, chief of staff of the Cambodian Royal Armed Forces, to Supreme Command Headquarters to thank him for coming to attend the parade commemorating the king's 50th year on the throne.

After the meeting, Watthanachai said the Cambodian general asked for Thailand's assistance and coordination in the areas of security, education, and national development. The Cambodian official also suggested that Thailand and Cambodia arrange a joint meeting on solution of border problems, in similar manner as the Thai-Burmese or Thai-Lao committee. Watthanachai said he accepted the suggestion for consideration because it is a good idea that will help improve friendship between the two countries.

On assistance, Watthanachai said he is ready to give assistance as possible within his authority, assistance beyond the scope of his authority will have to be approved by the government.

Watthanachai said the topic of the murder of Thai workers in Cambodia was not broached. It would not have been polite to do so, because the visitor was invited to come merely to receive thanks. He said so far the Thai military has not been able to ascertain which faction controlled the area where the murder took place. The issue will have to be followed up by the Foreign Ministry.

Regarding the attendance of armed forces leaders at the meeting organized by the Foreign Ministry recently, Watthanachai said the meeting was official and secret, so

he could not give any details. He added that the Foreign Ministry has gained new information about the murder of Thai workers.

'Thailand-Singapore Business Council' Formed

BK0112140494 Bangkok BANGKOK POST in English 1 Dec 94 p 19

[FBIS Transcribed Text] The setting up of the Thailand-Singapore Business Council is part of the trend towards open regionalism and is a crucial strategy for sustaining the growth dynamism of the region as a whole, Prime Minister Chuan Likphai said yesterday.

Mr Chuan was presiding over the signing of a memorandum of understanding setting up the Council. Co-chairing the ceremony, which included the Council's inaugural meeting, was Singapore's Minister of Trade and Industry, Yeo Cheow Tong.

The council will be chaired by a senior official from each side, the Singapore side by Ho Kwon Ping and the Thai side by Thawat Yipinsoi. Both sides will be made up of private sector representatives and advisors from the public sector. The agency serving as the contact point and secretariat for the council will be the Singapore Trade Development Board and the Joint Standing Committee on Commerce, Industry and Banking for Thailand.

In his keynote speech at the inaugural meeting of the council, Mr Chuan said the Government is committed to a free market economy, and will continue to give primary importance to the private sector as the driving force for economic growth and prosperity.

As part of this overall strategy for growth, the Council will allow for a more efficient use of the two countries' resources, talents and skills, Mr Chuan said.

Possibilities exist in the form of commercial projects joint investment, and other types of collaborative efforts, he said.

In the area of investment, Mr Chuan said he hopes the Council will explore existing opportunities for joint ventures in Thailand.

The Premier said he hoped that the transfer of capital, technology, and particularly entrepreneurial skills, will help strengthen the industrial capabilities of the South-east Asia region as a whole.

The Thailand-Singapore Business Council will be seen in the context of deepening bilateral relations with Singapore, Thailand's largest trading partner among ASEAN countries. Bilateral trade has been growing well in excess of 10 per cent per year over the past few years.

Together with the prospects for investment, this trend will in all probability be reinforced as the ASEAN scheme for free trade gradually takes effect.

Mr Chuan said he sees the initiative as a crucial strategy for sustaining the growth dynamism of the region as a whole.

The most striking development during the past decade has been the trend towards open regionalism, particularly a widening network of economic linkages and activities fostered by the ever-expanding flows of investment and trade, he said.

With more intense competition even within the region, the individual countries will find it ever more difficult to maintain past growth rates. Closer cooperation has thus become vital as a means of enhancing economic potential, he said.

He went on: "I see from this trend some important implications. In saying this, I have in mind not only the prospects for future growth and development in ASEAN but also the wider regional cooperation.

"Clearly, open regionalism will continue to characterise future regional development. The aim of the Council should thus also be to foster business and industrial collaboration involving third countries within as well as outside Southeast Asia.

"I believe Singapore has the expertise, entrepreneurship and financial resources to fully engage in regional development cooperation. Specific areas for her role in this regard include infrastructure development, tourism, and human resource development."

Visiting Singapore Trade and Industry Minister Yeo Choew Tong said Thailand is a priority in Singapore's bid to go regional by expanding business abroad and investing overseas.

"Being part of ASEAN (the Association of Southeast Asian Nations) and traditional trading partners, Thailand is obviously a priority in our strategy to go regional," Mr Yeo said.

Singapore is already the third largest investor in Thailand. Bilateral trade grew by 23 per cent in the first nine months of this year to S\$11.3 billion (\$774 million).

In view of rapid regional economic growth, both countries should form investor consortia to undertake projects in Indonesia, China and India and later in Vietnam, Burma and Cambodia, he said.

Residents Cautioned on Burmese Border Fighting

*BK0112135594 Bangkok BANGKOK POST in English
1 Dec 94 p 8*

[FBIS Transcribed Text] The Mae Sot district authority yesterday warned people living along the Burmese border to beware of possible danger from fighting between Burmese soldiers and Karen National Union [KNU] guerrillas in Burma opposite Mae Sot District. The warning, signed by district officer Kasem Wattanatham, was sent to all 15 villages along the border telling

them to watch for stray shells and gun shots. Four Burmese troops were killed and at least 10 others wounded in an ambush by KNU unit at Techara Botae about six kilometres from the border opposite Mae Sot on Sunday. The ambush was followed by a six-hour battle. A suppression drive against the KNU along the border is expected to take place soon.

Private Sector Seeks More Say in Trade Pacts

*BK0212085294 Bangkok BANGKOK POST in English
2 Dec 94 p 22*

[FBIS Transcribed Text] The private sector wants to play a larger role in anticipating problems that may arise from the implementation of regional trade groupings, says the executive director of the Board of Trade of Thailand.

Prayun Thaloengsri said the private sector wanted to know more about the details of regional agreements Thailand has signed with other nations, so it has the opportunity to adjust its operations in line with trends in world economic development. He cited such examples as the ASEAN Free Trade Area (AFTA), the Asia Pacific Economic Cooperation (APEC) group and the World Trade Organisation (WTO), successor to the General Agreement on Tariffs and Trade (GATT), due to come into effect on January 1.

"In the past, the private sector received information from the government, but it was incomplete. So we want more cooperation from the government sector in this respect," said Mr Prayun.

The Thai Board of Trade, the Federation of Thai Industries and the Thai Bankers Association discussed the issue with Business Economics Department Director-General Kroekkrai Chiraphaet on Wednesday. However, Mr Kroekkrai had already agreed with the Board of Trade's suggestion to set up a joint working group between it and the Business Economics Department to analyse each regional agreement, with this mechanism providing opportunities for the private sector to express its concerns on various matters.

It will also help both sides understand each other's position, so the government can undertake future negotiations based on information from the private sector concerning whether it is ready for trade liberalisation in specific areas, according to Mr Prayun.

The private sector used to participate in International Economic Policy Committee discussions, but this is no longer the case because the government thought it should not be privy to some information considered confidential, he said.

Mr Prayun suggested the committee should set up a subcommittee comprised of various elements from the private sector, so it can be adequately informed about government policy on international trade and economic cooperation.

Mr Kroekkrai and the private sector believe cooperation should be strongest within the smallest trade groupings such as AFTA, and weakest in the wider groupings such as APEC and the WTO. Otherwise, he said, the smaller groupings will be useless.

Asked whether the recent resolution of the ASEAN economic ministers to speed up AFTA's implementation from 15 to 10 years and the expansion of the agreement to cover agricultural products is strong enough, Mr Prayoon said the private sector still doesn't know, so a working group should conduct a study.

Opposition Said Preparing To Topple Government

*BK0212040394 Bangkok BANGKOK POST in English
2 Dec 94 pp 1, 8*

[FBIS Transcribed Excerpt] The Opposition hopes to topple the Government by forcing Prime Minister Chuan Likphai to either step down or dissolve Parliament in the wake of the New Aspiration Party [NAP] rebellion and Phuket land scandal.

Interior Minister Chawalit Yongchaiyut has refused to soften his demand to reword Articles 198 and 199 of the Constitutional Amendment Bill. The NAP leader is still insisting his party will not back a resolution by the government whips to vote in support of the charter screening committee's version of the articles and will go it alone in voting against them. The NAP has also indicated its readiness to be expelled from the coalition.

The Opposition is claiming it has collected enough information on the Phuket land scandal to give both Agriculture Minister Niphon Phromphan and Deputy Agriculture Minister Suthep Thuaksuban a "knockout" punch.

The Opposition believes the Government has reached a political deadend and has moved quickly to pre-empt any attempts by the Government to prolong its stay in office by inviting the opposition Chat Phatthana Party to replace the NAP.

Opposition sources said Gen Chawalit met with leaders of the opposition parties and ACM [Air Chief Marshal] Kaset Rotchananin, who heads one faction in the Senate, Wednesday night to solicit their support for its stand on the two articles.

Among those present at the meeting were Chat Phatthana Party leader Chatichai Chunhawan, Chat Thai Party leader Banhan Sinlapa-acha, Social Action Party [SAP] leader Montri Phongpanit, SAP secretary general Chaloem Yubamrung and senator ACM Sombun Rahong.

The sources said Gen Chawalit told the opposition and senate faction leaders he would withdraw his party from the coalition regardless of the outcome of the vote in Parliament on the two articles.

Mr Banhan, Mr Montri, Mr Chaloem and Chat Thai advisory chairman Praman Adireksan met yesterday with Chat Phatthana Party deputy leader Suwat Liptaphanlop at Parliament.

The opposition leaders asked Mr Suwat, as chairman of the House Committee for Agriculture heading the investigation into the land scandal in Phuket, not to join the Government if the NAP was expelled. They reportedly asked him to pass on the request to all senior members of the Chat Phatthana Party.

The opposition leaders earlier declared they would stick together and not join the coalition if there is a Cabinet reshuffle.

Mr Suwat, Prachuap Chaiyasan and Kon Thappharangsi of the Chat Phatthana Party have been in regular contact with Democrat secretary-general Sanan Khachonprasat, described by many as the government go-between.

SAP MP Dusit Sophitcha said yesterday Mr Chuan would have no choice but to resign if he cannot find a party to replace the NAP. [passage omitted]

Chawalit Attacks Coalition Leaders

*BK0312091394 Bangkok THE NATION in English 3
Dec 94 pp A1, A4*

[FBIS Transcribed Text] Interior Minister Chawalit Yongchaiyut yesterday strongly attacked other coalition leaders over the decentralization amendments, using the vulgar Chinese term *heng suay* (good for nothing), and threatened to resign. But he toned down the threat after the stock market reacted to reports of his imminent resignation as interior minister. He asked the Interior Ministry to issue a denial.

The New Aspiration Party leader was apparently attempting to pressure the Democrat Party to allow the unamended passage of Articles 198 and 199 of the Constitution Amendment Bill when he told reporters yesterday morning that he had already signed his letter of resignation.

Democrat leader and Prime Minister Chuan Likphai countered by hinting that unnamed opposition parties were offering themselves as alternative coalition partners.

The NAP prefers the original draft of the two articles while the Democrats and other coalition parties favour the amendment proposed by the House-Senate panel on charter reform.

The original draft of Articles 198 and 199 was not specific on how to decentralize administrative power, prompting the ad hoc panel to change the wording to require direct elections of all officials of local administrative organizations, including the planned tambon administrative organizations (TAOs).

Speaking to reporters in Nonthaburi after chairing the opening ceremony of an Interior Ministry project, Chawalit attacked Chuan and the other coalition leaders, accusing them of showing a lack of respect for him.

Chawalit claimed that coalition leaders purposely arranged meetings on the charter amendments when he was too busy to attend.

Chawalit did not attend Thursday's meeting of coalition leaders at Parliament, but sent NAP secretary-general Phisan Munlasatsathon to represent him.

Chawalit said yesterday that he had waited for other coalition leaders to meet him at 9 am on Wednesday "but no one showed his head".

He had waited until 4 pm, when he had to leave on Interior Ministry business.

"I did not understand why they had to summon me to meetings when I was busy," Chawalit said.

Chawalit said he had intended to meet all coalition leaders on Tuesday morning at Government House, but only Chuan was present.

The NAP leader was responding to reporters' questions whether his failure to show up at the coalition leaders' meeting on Thursday indicated a lack of respect for other coalition partners.

"Yesterday [Thursday] alike, they called me to meet them when I had to attend a ceremony to commemorate the death of the founder of the ministry. How could I attend?"

"See who really showed no respect? I would like to ask, who has more patience? Do they want to see me run out of patience, or what? I would like to say that coalition leaders are worthless, heng suay and nothing," Chawalit said, dropping in the Chinese expression.

The NAP leader also attacked Chuan for refusing to allow a free vote on the charter amendments. Chuan has said all coalition partners must vote in line with the whips' resolutions.

Chawalit said the whips should be controlled by the Cabinet, which had received the people's mandate to govern the country, "but they allow the whips to control the Cabinet".

"The unity of the coalition must be based on doing what is right. They can't tell everybody to do what is wrong," Chawalit said.

But when asked whether he would definitely pull the NAP out of the coalition, Chawalit said: "We can't say that now. We are still in the same boat and we must seek the best compromise."

NAP secretary-general Phisan and another source yesterday said Chawalit had become enraged over the

charter issue after the Democrats went back on their promise to push for a watered-down version of the two articles.

They said the Democrats earlier promised to have the House-Senate panel add provisions to allow village heads and kamnan to serve as ex-officio members of the planned tambon councils.

The NAP source said the Democrats hardened their stand on Wednesday saying other coalition partners would not allow the changes. The source said the Democrats shift prompted Chawalit and the NAP to harden their stand and demand the passage of the original draft of the two articles. The source said Chawalit was angry when the Democrats asked the NAP to abstain when votes are called on the two articles.

According to Phisan, Chawalit and all NAP ministers signed undated letters of resignation when they were first sworn into the Cabinet.

In an apparent attempt to up the ante in the charter conflict, Chawalit yesterday called on NAP ministers to allow him to hold their pre-signed resignations in his possession. But Chuan seemed unperturbed by the threat. Approached for comment, he said he had not heard about Chawalit's resignation.

Later in the evening, Chuan said he had talked to Chawalit over the phone but said he had discussed "general issues", and not Chawalit's resignation.

Chuan said he would not dissolve the House of Representatives because "we can still talk the problems over".

Agriculture Minister Nipon Phromphan, Democrat deputy secretary-general, claimed that Chuan had already found a way out of the problem, but Nipon declined to elaborate. Late last night, Chuan was still meeting senior Democrats to discuss the ongoing political tension.

Chuan Plays Down 'Political Crisis'

BK0412112094 Bangkok THAILAND TIMES in English 4 Dec 94 p A1

[FBIS Transcribed Text] Prime Minister Chuan Likphai yesterday tried to play down the on-going political crisis surrounding his five-party coalition government triggered by the withdrawal threat of New Aspiration Party [NAP] leader Chawalit Yongchaiyut.

"I've talked with General Chawalit and there is no problem," said the premier, claiming the problem lay with questions asked by reporters which angered the NAP leader.

General Chawalit, the Interior Minister, on Friday shook the Democrat-led government with a threat to pull out from the government, saying he had already signed a

letter of resignation. Chawalit was spearheading opposition to the controversial Articles 198-199 of the Constitution Amendment Bill that seek the direct election of local administration officials.

The crisis came about because Chawalit's opposition goes against a resolution made by the government whips and the Cabinet which demands that all coalition parties support the two provisions.

Chawalit, who yesterday attended a royal guard parade to celebrate the King's birthday, yesterday would not talk to reporters, only saying he would keep his mouth shut for a few days.

Chuan also dismissed a report that he called a meeting of key leaders of the Democrat Party on Friday night to assess the current political situation following the threat by Chawalit to quit.

Deputy Industry Minister and NAP MP Chatchai Lasakun claimed that not only Chawalit but all the other NAP ministers had signed their resignation letters.

Commerce Minister Uthai Phimchaichon urged the public not to be panic over the current political situation.

"All sides have prepared a solution. If it cannot be solved, let the changes go on in accordance with democratic ways," he said.

The leader of the Solidarity Party, when asked about the possibility of inviting an opposition party to replace the NAP, said the prime minister must consult with other coalition partners before bringing in an opposition party.

Five opposition parties recently signed a pact promising not to break ranks to join the present government, but a Chat Thai MP on Friday suggested his party could make an about-face on the agreement.

House Speaker Marut Bunnak said he believed the prime minister would eventually overcome the crisis as Chuan has a long history of experience in the political arena.

He must have a better solution than to dissolve Parliament which is only the last resort," said Marut, a veteran Democrat MP for Bangkok.

The House speaker said all the coalition partners are still united and that no single party has taken advantage over another party.

Referring to a harsh remark uttered by Chawalit against the government recently, Marut said it was normal for the NAP leader, who was a soldier before, to make such straightforward and loud comments.

Chuan Interviewed on Economic, Political Situation

MS0512113094 London FINANCIAL TIMES in English 5 Dec 94 p 28

[Report on interview with Prime Minister Chuan Lik-phai by Victor Mallet and Peter Montagnon; from the Financial Times Survey of Thailand]

[FBIS Transcribed Text] Q: How do you deal with this political system where you are not able freely to choose your own cabinet? What is your style of government?

Prime Minister: I know that it's a very difficult system but I think Thailand will have to live with coalition governments for quite some time, so we must try not to make that weakness a limitation on the ability of a coalition government to work and last.

I think a democratically elected government has to prove that it can work efficiently, that it can handle the problems of the country quickly without giving in to mob rule or influential groups. From my experience I believe that some governments tend to create excitement for the media and the people to satisfy them in the short term but in the end create more problems for the government. I was determined not to have that happen, which I think is the reason why we were heavily criticised during our first months.

As for the reshuffle in the Palang Dharma party that was not something that was the wish of the government; it was to do with the internal problems of the party. And we have a kind of gentleman's agreement that on matters of personnel we would leave it to the judgments of individual parties unless there are very, very good reasons for me to exercise a veto right. Some of these changes will force me to work harder because a lot of the ministers will have to start from the beginning, but it's necessary to keep the administration going and I think that despite the anxiousness of the people in general about these changes we can carry on working together.

Q: But the government is criticised for not being decisive enough in tackling problems, such as Bangkok's traffic. What decisions are you taking?

A: The traffic problem is not a new problem. It didn't start with this government and it's a result of past neglect. As for old (mass transit) projects with contracts already signed, we may or may not agree with these projects but we have no other option but to support their implementation, otherwise there will just be more delays and the problem that the government would be breaking the contract. Over the last two years, there are many projects and measures that we are implementing, otherwise the traffic would be much worse than it is today...

We are the first government to focus on the decentralisation of economic activities and therefore help ease the growth of Bangkok. By creating jobs in rural areas we have managed to prevent about 100,000 or 200,000 people from migrating to Bangkok.

The decentralisation policy I think will be seen as a success clearly in the next two to three years when the growth of Bangkok will be reduced and factories in Bangkok will be moved out. The decentralisation we're talking about is on all fronts, not just political power but for instance education financial institutions, these are all

going to be decentralised and we will not allow Bangkok to grow the way it's done in the past.

Q: What effect will the shortcomings of the education system have on Thailand's competitiveness?

A: During the last two years we've now managed to extend education so that about 92 per cent of primary school leavers in the latest educational year are going on to secondary school. And I believe that although we do have problems it is within our capabilities to upgrade our education system and remain competitive. But there are shortages in some areas, such as engineers and the sciences. We have too many social science graduates.

Q: What will Thailand have to offer Thai or foreign investors that can't be found more cheaply in the future in other Asian countries?

A: The fact that companies like Toyota, Honda, Mitsubishi, even Chrysler decided to choose us as a centre for their production shows that they see some advantages. So if the tax system is quite favourable and other factors are comparable, we have an opportunity. We are quite a big market here with 60 million people and also with considerable purchasing power, and geographically we are at the centre of the southeast Asian region. And the established market system that we have had for a long time and a democratic form of government will also be contributing factors. The one weakness we may have is that we've never been a colony so we're not very good at foreign languages.

Q: How are you tackling the growing gap between rich and poor?

A: It is true that in Thailand and other countries in the region the tax system has failed to catch the rich people. But overall during the last one and a half years the group of people who are the poorest the farmers—have had their incomes considerably increased. And we have helped the very poorest, that is the landless farmers. We have managed to push our land reform programme. That is the most perceptible change that we have created in rural areas.

We're not going as far as these schemes in European countries. We're merely supporting farmers to be able to stand up on their own with the supplementary income; and their children will be absorbed by the growth of the industrial sector so the proportion of people employed in the agricultural sector will be steadily reduced. It's just that those who remain must be able to make a living. We have allocated budget for three years now—69 per cent of the budget will now go to rural areas.

We have to continue the trend of allocation in the budget and because the fiscal position is rather healthy we have some room for manoeuvre for this purpose. We will stick to these priorities and we hope that the next government would then continue and may see results. In any case we will put this objective in the eighth development plan in a way that would, I guess, commit future governments to

this course. I think the approach is broadly accepted—there is very little opposition—it just depends on the determination of the people who come in to implement it, because usually the people who form policies are based in Bangkok.

Q: At the half-way point, how do you rate your chances of being the first elected government to survive a full four-year term?

A: In a parliamentary system, parliament can always dissolve and there could always be changes. For a coalition government made up of five political parties, I'm satisfied with two years. For the remaining time it's important to support the system. Once the system is widely accepted any future changes will then go according to democratic rules. I can assure you that there will be no extra-constitutional forces leading to the fall of this government—that is what I've been determined to maintain.

Q: Some say this would be a good time for you to call an election. Do you think so?

A: I know that generally there are such feelings, but whatever we have we don't have enough money to fight some of the other parties in some areas. So I'm not thinking of dissolution at the moment. I'm trying to think how to fight vote-buying in the future. This problem will get worse. I've been in politics for 25 years and I can see the trend. There is more vote-buying now.

Q: Why is that? Isn't Thailand becoming wealthier and more sophisticated?

A: Because there are more businessmen in politics. In the past they used to be lawyers and teachers and these are not people who buy votes. There are more businessmen and some of these people believe money can buy everything so they use the buying system. That is a cause for concern.

Q: Have you been able to reduce corruption in general?

A: I'm trying very hard. The majority of the cabinet attach great importance to this but we are worried about officials at lower levels particularly with the budget for rural areas.

King Addresses Troops at Annual Ceremony

*BK0412091494 Bangkok Thai Color Television
Channel 9 in Thai 0955 GMT 3 Dec 94*

[Speech by King Phumiphon Adunyadet at the annual Trooping of the Color of Units of the Royal Guards in Bangkok marking his birthday on 5 December]

[FBIS Translated Text] The queen and I are very happy to be with the royal guards at the trooping of the color today. Thank you for your wishes and I would like to sincerely offer you the same wishes.

The oath taken by the soldiers—to sacrifice even their lives to achieve the highest goal of prosperity and stability for the nation through the fulfillment of their respective duties—is a pledge worthy of brave men. At the same time, it is significant for all Thai people; this is because the country is a place where one is born, lives, and enjoys peace and happiness. Thai people from all walks of life—men and women of any rank and status—must share this responsibility: to perform their respective duties attentively and with their best ability so that their success will contribute to an overall advance in terms of national prosperity and stability.

It can be said that the soldiers have performed their duties very efficiently. They have achieved concrete success in their direct responsibilities as well as in their support for others. The soldiers should preserve this level of performance and even try to do better to contribute to the country's overall advancement. This will help to forever safeguard the stability and independence of our country.

May the power of the Buddhist Triple Gems, all sacred powers in the universe, and the power of their sincere loyalty to the nation keep all soldiers in good strength—physical, mental and intellectual—so that they will be able to perform and fulfill all tasks, big and small, with all success. I wish you all happiness, success, and prosperity.

Commerce Minister Assigns Deputies' Specialties

*BK0112141194 Bangkok BANGKOK POST in English
1 Dec 94 p 22*

[FBIS Transcribed Text] Newly-appointed Deputy Commerce Ministry Chatchai Isakun will handle the Commercial Registration and Intellectual Property departments. A Commerce Ministry source said Commerce Minister Uthai Phimchaichon had divided work for his three deputies as of yesterday.

First deputy Chaiyot Sasomsap, from Mr Uthai's Solidarity Party, will handle the Department of Export Promotion and the Insurance Department. For the past two years he looked after internal trade.

Mr Chaiyot said he had not left any problems for other ministers, even hard issues like the establishment of a commodity exchange. He had finished a draft law on the exchange and Mr Uthai had proposed it to the Cabinet.

Churin Laksanawisit from the Democrats will handle the Internal Trade Department. The source said this would benefit the public as most work in this department relating to rice, coffee and soybean issues were under Deputy Prime Minister Suphachai Phanitchaphak who is from the same party. The fact they are both Democrats may smooth decision making on agricultural issues, according to the source.

Mr Uthai will look after departments handling business economics, foreign trade and the Public Warehouse Organisation.

Vietnam

Military Joins Search for U.S. MIA's in Laos

*BK0212123794 Hanoi Voice of Vietnam in English
1100 GMT 2 Dec 94*

[FBIS Transcribed Text] U.S. officials said Laos for the first time has allowed Vietnamese military personnel to accompany an American search team to identify sites where American soldiers were buried during the war. U.S. officials said it is a breakthrough for Vietnam and U.S. efforts to account for 500 Americans considered to be MIA's in Laos. Deputy Assistant to the U.S. Secretary of State (James Wold) said in Hanoi that the U.S.A. had achieved most of the objectives, as Vietnam and Laos have been ready to assist the U.S.

Further on Visit by PRC Assembly Delegation

Delegation Arrives 1 Dec

*BK0212040794 Hanoi Voice of Vietnam Network in
Vietnamese 2300 GMT 1 Dec 94*

[FBIS Translated Text] At the invitation of our National Assembly, the PRC National People's Congress delegation led by Comrade Wang Hanbin, alternate member of the CPC Political Bureau and deputy commissioner of the Standing Committee of the PRC National People's Congress, arrived in Hanoi on the afternoon of 1 December for an official visit to Vietnam. A solemn reception ceremony was held at the Presidential Palace with the participation of PRC Ambassador Zhang Qing and many PRC embassy staff.

After the reception, our National Assembly delegation led by National Assembly Vice Chairman Nguyen Ha Phan held talks with the visiting PRC delegation. At the talks, Comrade Nguyen Ha Phan welcomed the Vietnam visit by the PRC delegation. He considered this a vivid manifestation that will contribute to strengthening bilateral friendship and cooperation. The heads of the two delegations informed each other the activities of their national assemblies, the socioeconomic development in each country, and so forth. They expressed their wish for increased developments in the time-honored relations between the two legislative bodies and peoples for the interest of each country.

Comrade Wang Hanbin sincerely thanked our National Assembly for a warm and solemn reception. In the evening, Comrade Nguyen Ha Phan organized a banquet to welcome the delegation. After the banquet, the PRC distinguished guests watched a performance by Vietnamese artists.

Le Duc Anh Receives Delegation

*BK0212144394 Hanoi VNA in English 1433 GMT 2
Dec 94*

[FBIS Transcribed Text] Hanoi VNA Dec. 2—President Le Duc Anh and National Assembly Chairman Nong

Duc Manh received here today a delegation of the National People's Congress (NPC) of the People's Republic of China now on a visit to Vietnam.

The Chinese delegation, which arrived here yesterday, is led by Wang Hanbin, alternate Politburo member of the Communist Party of China Central Committee and Vice Chairman of the NPC Standing Committee.

At the reception Mr Wang Hanbin expressed his satisfaction at the results of the recent talks between the two parliamentary delegations. He said he hoped that the traditional friendship and cooperation between the two legislatures in particular and between the two people in general would continue to be consolidated and developed in line with the aspirations and interests of the two nations, thus making an active contribution to peace, stability and development in Southeast Asia and Asia.

Speaking to his guests, President Le Duc Anh reiterated Vietnam's wish to promote multi-faceted cooperation with all countries over the world, particularly with neighbouring countries. He also said that Chinese Party General Secretary and President Jiang Zemin's recent Vietnam visit has ushered in a new step in the bilateral friendship and cooperation.

On the same day, National Assembly Chairman Nong Duc Manh also received the Chinese delegation.

He warmly welcomed the Chinese parliamentarians' visit to Vietnam, and thanked the Chinese party, government and people for their support and assistance to Vietnam's national defence and construction.

For his part, Mr. Wang Hanbin said that he was delighted to see the great achievements recorded by the Vietnamese people in their renovation process and he noted that the two countries' relations have entered into a new stage that of commercial, scientific and technical cooperation. He expressed his wish that the parliaments of the two countries would do their best to promote the mutual understanding, friendship and cooperation between Vietnam and China, thus contributing to stability and socio-economic development of the countries and the whole region.

Do Muoi Receives Delegation 2 Dec

BK0412134294 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 3 Dec 94

[FBIS Translated Text] Yesterday afternoon Comrade Wang Hanbin, alternate member of the Political Bureau of the Communist Party of China [CPC] Central Committee and vice chairman of the Standing Committee of the National People's Congress of China, and the comrade members of the delegation of the National People's Congress of China paid a courtesy call to General Secretary Do Muoi.

Wang Hanbin thanked the comrade leaders, National Assembly, and people of Vietnam for the warm welcome they have accorded the delegation, thus demonstrating

the constant consolidation of the friendship between the two peoples. He pointed out: The Chinese party, state, and people attach great importance to the friendship and cooperation with Vietnam. He noted with much pleasure that the restoration and development of Sino-Vietnamese relations in recent years are in conformity with the interests of the two peoples and of peace, cooperation, and security in the region and the world as a whole.

General Secretary Do Muoi welcomed the delegation's visit to Vietnam and pointed out: Following the visit by Comrade General Secretary and President Jiang Zemin, this visit contributes to consolidating Sino-Vietnamese friendship a step further and to implementing the agreements between the two party and state leaders on the strengthening of friendship and multifaceted cooperation between the two countries. He introduced to the delegation the achievements of the renovation undertaking in our country and expressed his hope that the two legislative bodies would exchange more work experiences and broaden cooperation in legislative work and cadre training.

Economic Cooperation With Russia Praised

BK0512145194 Hanoi Voice of Vietnam in English 1000 GMT 5 Dec 94

[Station commentary]

[FBIS Transcribed Text] Russia's National Duma and Vietnam's National Assembly have yet to ratify a treaty on the fundamental principles of relations between the two countries. Our radio editor stresses the importance of the treaty:

The Russian ambassador to Vietnam, Mr. Khamidoulin, said: The new treaty was prepared in a very short time—just under a year—and it was mainly based on the previous treaties and agreements between the two countries. He hoped that the Duma would adopt the treaty in December. President Boris Yeltsin has also pointed to the necessity to actively use links and [word indistinct] accumulated by the two countries in past years because this would help to fully develop the economic, scientific, and technology potential of the two nations.

While the Russian parliament remains divided on many issues, the National Duma shares the common view on relations with Vietnam. All members of the Duma voice support for the development of relations with Vietnam, and Russia also supports Vietnam's joining of ASEAN. Thus, there are favorable conditions for further development of relations between Russia and Vietnam.

And indeed, there have been recent positive changes in bilateral relations. The official visit to Russia by Prime Minister Vo Van Kiet in the middle of this year was a significant and memorial event. And although commercial agreements between the two sides have not yet been concluded, economic ties keep increasing. This year, Vietnam tapped about 7 million tonnes of crude oil, in

which 6.8 million tonnes was (?floated) by Vietsovpetro, a joint venture between Russia and Vietnam. The Hoa Binh Hydroelectric Power Plant, Southeast Asia's largest such plant, is now completed and transmitting electricity to central and south Vietnam on the 500- kilovoltage transmission line. The Hoa Binh Hydroelectric Power Plant was previously built with assistance from the former Soviet Union and later Russia.

Trade turnover between the two countries is presently more than \$300 million. The treaty on fundamental principles of relations between the two countries now awaits ratification from the legislative bodies of each country. It will pave the way for further cooperation between Vietnam and Russia.

Commentary on New Friendship Treaty With Russia

*BK0112162694 Hanoi Voice of Vietnam in English
1000 GMT 1 Dec 94*

[Station commentary]

[FBIS Transcribed Text] Russian President Boris Yeltsin has submitted the treaty on friendship relations between Russia and Vietnam to the National Duma for approval. On this issue, our radio editor has the following comment:

Russia and Vietnam have traditional and longstanding relations. During the past half a century of Vietnam's struggle for national defense and construction, Russia has always been at the side of Vietnam. After political upheavals in the former Soviet Union, there were many elements in Vietnam-Russia cooperative relations which were described as tense by Russian Deputy Prime Minister Yarov in Hanoi during his visit in April. Both Vietnam and Russia have tried to narrow these gaps. Following new institutional structures being set up in the Russian Federation and the Commonwealth of Independent States, or CIS, Vietnam has quickly reestablished its relations with Russia and other countries in the CIS. Exchanges of visits between Russian and Vietnamese leaders have been made to promote bilateral relationship and cooperative ties.

1993 witnessed significant developments in Vietnam-Russia relations, which were specially expressed through the completion of the seventh and eighth generator units of the Hoa Binh Hydroelectric Power Plant. These were built with Russian assistance. Russian assistance was also behind the pumping up of 220 million tonnes of crude oil of the Vietsovpetro joint venture and the first batch of iron turned out of the apatite production joint venture in Lao Cai.

But the most important event was the signing of the treaty of friendship on 16 June 1994 during Vietnamese Prime Minister Vo Van Kiet's visit to Russia. This new treaty is to replace the previous one signed in 1978 between Vietnam and Russia. The treaty had been

submitted for ratification to the Russian National Duma. It will later be included with the treaty documents.

President Yeltsin said that both Vietnam and Russia highly valued the treaty. It completely adjusts the relations between the two countries to be suited to the spirit of the new times and to meet the interests of both countries. Bilateral relations between Russia and Vietnam after interruption are now strongly developing again.

The Russian ambassador in Vietnam, Mr. Khamidoulin, told the Hanoi media on Thursday that the treaty would regulate old relations between the two nations. He said: In bilateral fields, the treaty directs the cooperation in economic, trade, scientific, and technological fields for mutual benefits. On foreign policies, both countries are committed to maintaining world peace and security. They also both have expressed a desire to promote the effectiveness of the United Nations activities and help expand cooperation in the Asia-Pacific region.

If the National Duma of Russia ratifies the treaty, it will serve as a legal ground for a new chapter in relations between Russia and Vietnam.

Further on Visit by Belgian Crown Prince

Leaders Receive Prince 3 Dec

*BK0412134791 Hanoi Voice of Vietnam Network in
Vietnamese 2300 GMT 3 Dec 94*

[FBIS Translated Text] On the afternoon of 3 December, General Secretary Do Muoi cordially received Crown Prince Philippe of the Kingdom of Belgium who is on an official visit to our country. Crown Prince Philippe said: The Kingdom of Belgium attaches very great importance to the renovation undertaking in Vietnam and continues to reserve for the national construction cause of the Vietnamese people proper assistance based on its capabilities. He was convinced that bilateral economic and trade cooperation would have bright prospects.

General Secretary Do Muoi thanked the Belgian Government and people for their positive support and assistance for Vietnam. He pointed out: Belgium has many strong points that Vietnam wants to learn from and broaden cooperation with. It is hoped that economic ties will be quickly strengthened in a way commensurate with the good friendship between the two countries.

On the same day, President Le Duc Anh received the Belgian crown prince and his entourage during a courtesy call at the Presidential Palace. On behalf of the Vietnamese people, the president sincerely thanked the Belgian Government and people for their practical activities and great assistance to the Vietnamese people's cause of national construction. Le Duc Anh was positive that this visit would contribute to promoting the friendship and cooperation between the two peoples in many areas so that they can bring about effective results.

News Conference Held 5 Dec

BK0512143494 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 5 Dec 94

[FBIS Translated Text] Dear friends: At the invitation of Prime Minister Vo Van Kiet, Belgian Crown Prince Philippe; Robert Urbain, minister of foreign trade and European affairs; and a Belgian economic delegation are visiting Vietnam from 29 November to 6 December.

This morning, 5 December, the Belgian crown prince held a news conference on the visit. During the news conference, the crown prince thanked the Vietnamese Government for the warm and well-prepared welcome accorded to him and his entourage, which has resulted in the visit's splendid success. He said:

[Begin Philippe recording, in English fading into Vietnamese translation] This visit to Vietnam by the Belgian economic delegation I am leading is taking place at a timely moment. The purpose of our visit is to expand cooperation in the industrial field, strengthen bilateral economic cooperation, and enhance friendship between the two nations. We have come with a large economic delegation representing many Belgian economic components, including representatives of the federal government and three different regions, representatives of businesses and trade unions, representatives of the financial sector, and 80 representatives from industrial and service agencies. I am convinced that the Belgian businessmen have had a good chance during the visit to study the Vietnamese economy and will be able to contribute to Vietnam's economic development process. [end recording]

Earlier at the news conference, Robert Urbain, Belgian minister of foreign trade and European affairs, reviewed the relations of friendship and cooperation between Vietnam and Belgium over the past 20 years, saying:

[Begin Urbain recording, in French fading into Vietnamese translation] The two countries established diplomatic relations soon after 1975. In 1977, our two nations signed an agreement on development cooperation. In 1978 and 1979, Belgium granted Vietnam loans amounting to 100 and 150 million Belgian francs, respectively. Relations between Vietnam and the International Monetary Fund and World Bank have developed remarkably since 1993, thereby helping to strengthen relations between Vietnam and Belgium. Many Belgian and Vietnamese officials have exchanged visits to each other's countries to seek opportunities for cooperation. I think that the Belgian Government should adopt a clearer policy toward Vietnam's development program. In this spirit, the Belgian side agreed during this visit to grant Vietnam a loan of 100 million Belgian francs, and it is possible that another 100 million loan will be granted in the days to come. [end recording]

Meanwhile, (Zakov), chairman of the Belgian Business Unions, said that Belgium businessmen have signed 12 projects with Vietnam during this visit. Two are seaport

construction projects and the rest are in the financial domain, with a total capital of 225 million Belgian francs. Moreover, the Bank of Belgium will soon open a representative office in Vietnam. In the field of design consultancy, the two sides signed an agreement on a blueprint for rebuilding the Viet Duc Hospital in Hanoi. Also, various Belgian companies have signed projects to produce concrete railway sleepers, install public light systems, restore tea production factories, and so forth.

Mr. (Seruze), foreign trade adviser to Crown Prince Philippe and director general of the Belgian Foreign Trade Office [BFTO], said that after working with the Vietnamese officials, the BFTO signed an agreement with the Vietnam Chamber of Trade and Industry to increase Vietnamese exports to Belgium. Under this agreement, the Belgian side will provide information on Belgium and its markets and serve as a bridge to promote relations between Vietnam and Europe. Belgium will receive Vietnamese students wishing to further their studies and will provide material support to Vietnamese businessmen to visit Belgium.

After briefing reporters on the achievements of the Belgian delegation's visit and the potential of various agreements that will be signed soon, Mr. (Zakov), chairman of the Belgian Business Unions, stressed various issues that should be developed to enhance bilateral cooperation. These include efforts to improve our administrative procedures to create favorable conditions for foreign investors. He said: As for the Belgian side, it is difficult for businessmen to find financial support for various projects. Therefore, I hope that the Belgian authorities will help these Belgian businessmen overcome this difficulty.

Other Activities Outlined

BK0512132394 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 5 Dec 94

[FBIS Translated Text] At the invitation of Prime Minister Vo Van Kiet, Belgian Crown Prince Philippe; Robert Urbain, Belgian minister of foreign trade and European affairs; and an economic delegation of the Kingdom of Belgium have been visiting Vietnam since 29 November.

This morning in Hanoi, in the presence of Crown Prince Philippe, Minister Urbain and SRV Communications and Transportation Deputy Minister Le Ngoc Hung signed a memorandum on a project for the construction of Ba Ria-Vung Tau Port. The port lies on the left bank of Cai Nep River in Thi Vai. It will be named Phuoc Hoa Port.

In the first stage, the port will be built 500 meters long at a total cost of nearly \$100 million. After that, it can be extended to 1,800 meters.

The project will be carried out by the NBH corporation, which consists of three different Belgian companies

specializing in port planning, port construction, and equipment for goods handling.

Bilateral Debt Agreement Signed With Britain

BK0212135894 Hanoi VNA in English 1218 GMT 2 Dec 94

[FBIS Transcribed Text] Hanoi VNA Dec. 2—The Vietnamese vice minister of finance, Mr Pham Van Trong, and the British ambassador, Mr Peter Williams, on Dec. 1 exchanged letters to conclude the bilateral debt agreement between the two countries.

This signing reschedules debts which date back to the late 1970s and early 1980s and which were related to British exports to Vietnam. It also paves the way for a British package of concessional finance of 75 million US dollars to be made available to Vietnam.

According to a press release from the British Embassy, the United Kingdom pushed for a 50 per cent reduction in the crude Vietnamese debt in the Paris Club of November 1993 and this was successfully agreed by the members.

Earlier this year, the two countries sealed a double taxation avoidance agreement, an AI [not further identified] services agreement and a financial framework agreement.

UK, Hong Kong Refugee Repatriation Continues

HK0512075694 Hong Kong SOUTH CHINA MORNING POST in English 5 Dec 94 pp 1, 2

[From Greg Torode in Hanoi]

[FBIS Transcribed Excerpt] A Vietnamese man who stabbed himself in Hong Kong before being forced home has been sentenced to 28 years' jail for his part in a robbery in which one woman was killed and another seriously injured. Nguyen Van Khaa was jailed immediately on his return to Vietnam in January while police in his home province of Nam Ha investigated a robbery committed before he left. It is understood the case went before the Supreme People's Court in his home province and he was sentenced with another man but exact details of the charges are not yet clear. [passage omitted]

Khaa had sought to avoid repatriation to Vietnam while in Hong Kong, slashing himself days before his flight on January 5. The British Embassy in Hanoi, which monitors the resettlement of all forced returnees, has closely watched Khaa's case but has not yet been allowed to visit him. Embassy officials did not attend the first trial, with foreigners generally barred from such proceedings.

Meanwhile, the Foreign Ministry in Hanoi has defended the right of the Vietnamese Government to jail people who committed crimes before fleeing Vietnam. The right is internationally accepted under rules which prevent Vietnam taking action against a boat person for fleeing the country illegally. "Vietnam will treat the returnees

with humanity without prosecuting them for illegal departure, creating favourable conditions for them to quickly reintegrate into the community," a spokesman for the ministry's consular section said. "The returnees who were criminals before they fled will be dealt with under Vietnam law."

Vietnam has a criminal code which provides for fair trials, with rights of appeal for both the prosecution and the defence.

The spokesman also moved to reaffirm Vietnam's commitment to repatriation following the release of 125 migrants released by Hong Kong after Hanoi rejected their applications for return.

"Vietnam has cooperated and will cooperate closely with the British Government and the Hong Kong Government to settle the issue of Vietnamese boat people in Hong Kong in order to complete the Comprehensive Plan of Action by late 1995," he said.

Vietnam "welcomed" both orderly and volunteer flights of those screened out on the basis of "safety, respect, and dignity for returnees and with international support for their reintegration".

However, the spokesman re-confirmed the position that non-Vietnamese would not be accepted by the government for repatriation.

Hanoi and British Embassy officials are currently hammering out details of why the government rejected 150 recent applicants for voluntary repatriation.

Most of the cases are thought to involve people considered by Vietnam to be former illegal immigrants from China and Cambodia, while others have been rejected due to problems over their home addresses. However, some cases involve people considered by Hong Kong and Britain to be Vietnamese nationals, having been born and raised in Vietnam. Vietnam has its own information, which it claims refutes earlier returnee statements. "Those whose registered address in Vietnam is not clear will be subject to registration of de facto address for consideration by the Vietnam Government," the spokesman said.

A British Embassy spokesman said talks were continuing.

Defense Minister Departs for Philippines

BK0412153294 Hanoi VNA in English 1440 GMT 4 Dec 94

[FBIS Transcribed Text] Hanoi VNA December 4—A Vietnamese military delegation led by Defence Minister Gen. Doan Khue left Hanoi today beginning an official visit to the Philippines as guest of his counterpart Mr. Renato De Villa.

This is the first visit by the Vietnamese defence minister to the Philippines.

Commentary Welcomes Pact on Mekong Development*BK0212153694 Hanoi Voice of Vietnam in English
1100 GMT 2 Dec 94*

[Station commentary]

[FBIS Transcribed Text] The Cambodian, Lao, Thai, and Vietnamese Governments have initialed an agreement on cooperation and sustainable development of the Mekong River region. The agreement now waits for approval of the relevant agency to these countries. The agreement is expected to be officially signed and coming to force within 90 days. Here is the Radio Voice of Vietnam editor's opinion:

The draft agreement stipulates objectives and principles to develop water sources and related natural resources in the biggest freshwater area in Asia. The historic document is based on sovereignty, territorial integrity, and environment [word indistinct] principles. It shows Cambodia, Laos, Thailand, and Vietnam all want cooperation in all areas of development related to the Mekong, the twelfth longest river in the world. The draft document also demonstrates the commitment of the four countries in applying international law in the development and use of Mekong lower basin including the water source, freedom on river transport, and ecosystem protection.

Vice Premier Tran Duc Luong in Hanoi described the Mekong River as an extremely important natural factor to people in the region. The agreement also contributes greatly to peace, stability, and cooperation in the region, and Vietnam is committed to do its best in the spirit of cooperation and development. The United Nations Development Program, or UNDP, which over the last 37 years have assisted the development of the Mekong River area with \$50 million, highly valued this agreement. [Word indistinct] Cambodia, Laos, Thailand, and Vietnam themselves are making effort to effectively use the Mekong River resources, as it will benefit all Mekong countries.

Indian Trade Delegation Visits, Seeks Projects*BK0412155194 Hanoi VNA in English 1440 GMT 4 Dec 94*

[FBIS Transcribed Text] Hanoi VNA 4 December—A delegation of the Federation of Indian Export Organizations (FIEO) led by Mr. S.S. Chakrabarti, permanent member of the consultant committee of the federation, visited Vietnam from December 1-4.

While here, the delegation which includes consultants on the fields of energy, oil and gas, chemistry, petrochemistry, textile, and tourism inquired into business situation and opportunities to participate in foreign funded projects in Vietnam. It also helped Vietnam in finding more financial aid from abroad for development projects.

The delegation had working sessions with the Ministries of Construction, Water Resources, Heavy Industry, Light Industry, the State Committee for Cooperation and Investment, and other relevant agencies.

Indian Ambassador S.L. Malik held a press conference in Hanoi on December 2 to introduce activities of the delegation.

Economic Cooperation With India Outlined*BK0512151794 Singapore BUSINESS TIMES in English 30 Nov 94 p 17*

[Article by Indochina correspondent Harish Mehta]

[FBIS Transcribed Text] INDIA and Vietnam recently struck a slew of business deals ranging from overhauling Vietnam's MiG-21 fighter aircraft engines to an Indian firm's plans to generate electricity from garbage in Vietnamese cities.

In the wake of Prime Minister P V Narasimha Rao's visit to Vietnam from Sep 5 to 7, during which deals worth US\$ 180 million (S\$262.8 million) were struck, both governments are building on their strong political links.

In Hanoi, diplomatic sources say that although the contract to overhaul the air force's MiG-21s at Bangalore-based aircraft-maker Hindustan Aeronautics Ltd is relatively small—only eight or 10 engines are to be refurbished—it underscores the recognition by the Hanoi government of India not just as a trusted ally but as a source of high-technology services that Vietnam needs.

The MiG engines would normally have been overhauled in the former Soviet Union, but that door closed when Russian factory managers began demanding market rates.

Hanoi then turned to New Delhi, whose expertise in defence aerospace is being sought in South-east Asia. Malaysia has also asked India for help in maintaining its fleet of 18 MiG-29 fighters that will be delivered soon by Russia.

The Indian Air Force, which operates some 60 MiG-29s, is training six Royal Malaysian Air Force (RMAF) pilots and 91 technical ground crew in India. The RMAF is also looking for Indian assistance in setting up a school modelled on an Indian facility in Pune, where pilots and technicians are trained in Russian-built equipment.

New Delhi and Hanoi have always been close politically to the extent that India can rely on Vietnam's support for its bid to secure a seat on the United Nations Security Council. In return, India is willing to help spur Vietnam's economic reforms. It has offered to arrange finance to set up manufacturing plants in Vietnam. With the bilateral focus firmly on economics, two high-powered Vietnamese delegations visited New Delhi last month to talk business even before the dust of the Rao visit had settled.

One delegation discussed with officials of India's Ministry of External Affairs the formation of a Joint Working Group on business and economic links. The other held talks with Indian trade officials.

Indian Ambassador to Vietnam S.L. Malik says the Vietnamese are making a concerted effort to firm up proposals made during Mr Rao's visit. Indian businessmen are just as keen on Vietnam, which has dismantled its command economy and attracted foreign investments of over US\$10 billion. Having remained on the sidelines of the rush to invest in Vietnam, major Indian companies are now getting into the act. Western India Industries, for instance, plans to invest some US\$30 million in setting up plants to generate electricity from municipal waste in Hanoi and Ho Chi Minh City.

Western also wants to set up a US\$20 million sugar mill in the country's north under a build-operate-transfer system with state firm Vinasugar. Nagurjuna Fertilisers is eyeing a similar deal.

Big player R.P. Goenka group is finalising plans for a 40,000-hectare rubber plantation in south Vietnam with an investment of US\$20 million, and a US\$15 million unit to build electricity transmission towers.

Meanwhile, Ceat Tyres, a firm in the R.P. Goenka stable plans an automotive tyre factory in central Vietnam with an investment of about US\$40 million.

Vietnam's size also presents opportunities for Indian firms. Rail India Technical Services recently sold coaches and wagons to Vietnam, and signed a contract to assemble wagons in the country. But more often than not, the Indian brand name is invisible in Vietnam. For instance, the Italian Iveco Mekong plant near Hanoi imports Ashok Leyland buses from India in completely knocked-down form and re-assembles them. The Indian name remains hidden. Moreover, Siemens India sells X-ray machines to Vietnam but the deal is booked as a German contract. Mr Malik feels that Indian goods need to overcome this image problem.

Meanwhile, the Tatas have sold some 50 buses, worth US\$5 million to a Danang state firm and the Indian company has plans to set up a bus assembly unit there. The Birlas are not far behind. A Birla subsidiary based in Thailand plans to invest US\$28 million in a textile plant in Hai Dung, in north Vietnam. The Mafatlals, too, have applied for a licence to set up a US\$10 million garments joint venture.

Nicholas Piramal and Max India are eyeing pharmaceutical plants in Vietnam, which suffers from a shortage of quality medicines. Nicholas has applied to the State Committee for Cooperation and Investment for a licence.

WS Telesystems has sold telecommunications equipment to the Vietnamese, while Escorts is negotiating a similar deal.

Indian state oil firm, Oil and Natural Gas Commission (ONGC), has spent some US\$43 million in exploring for oil in offshore Vietnam, where it has discovered gas reserves estimated at 60 million cubic metres.

ONGC, a Fortune 500 company, has also proposed joining forces with Vietnam's state oil firm Petrovietnam to develop oilfields around the world. ONGC earlier had discovered oil in Iran and Tanzania.

Besides the private sector thrust the Indian government has offered to set up a 200 MW gas-based power generation plant worth US\$200 million, as well as a fertiliser plant. The gas discovered by ONGC in the South China Sea will be used as feed stock for both plants.

Early this month, an Indian consultancy, Intercontinental Consultants and Technocrats Pvt Ltd, and a Vietnamese state firm signed a Memorandum of Understanding to renovate two bridges in mountainous northern Vietnam funded by the Indian government through the Exim Bank of India.

As a result of these deals, Vietnamese Communist Party general secretary Do Muoi's constant call since 1992 to elevate strong Indo-Vietnamese political ties to durable economic relations is becoming a reality.

Report Reviews Foreign Investment Sources

BK0412154394 Hong Kong AFP in English 0647 GMT
4 Dec 94

[FBIS Transcribed Text] Hanoi, Dec 4 (AFP)—Asia's four "dragon" economies are now leading the field in foreign investment in Vietnam, accounting for half the capital for licensed projects, a report said Sunday.

Singapore, a relative latecomer to Vietnam, is now third on the list of investors behind Taiwan and Hong Kong, according to figures from the State Committee for Cooperation and Investment (SCCI), the licensing body for foreign projects. With 512 million dollars of projects licensed up to December 1, Singapore has moved steadily up the investment ladder as the government there encourages wider investment in Vietnam, India and China.

Taiwan still leads the pack with 1.853 billion dollars of licensed projects, according to the Vietnam Investment Review, a newspaper published by the SCCI.

Hong Kong is in second place with 1.495 billion dollars followed by Singapore and South Korea with 855.7 million dollars.

Together the four dragons account for 50.4 percent of the total 10.3 billion dollars licensed by the SCCI. Only around a quarter of that amount has actually been disbursed in Vietnam.

The four countries have had a major impact in Vietnam as they move low-cost manufacturing into a country with

low wages but doubts have been raised about the quality of many of the proposed projects and whether they will ever be completed.

Around a quarter of all licenses issued to Hong Kong firms have been revoked because of their failure to raise the necessary capital or for violations of local regulations. But families from Hong Kong and Taiwan have channeled large sums of money into businesses run by relatives or associates in Vietnam, with the ethnic Chinese community in Ho Chi Minh City now accounting for more than half of all private business output.

Investment from Japan, Vietnam's largest trading partner and aid donor, has picked up this year with 327.6 million dollars of projects licensed, placing the country fifth on the list of investors.

Japanese companies have until recently held back from Vietnam, worried by the country's skeletal legal system and shaky infrastructure, but have stepped up the pace since the lifting of a US trade embargo in February.

Malaysia is sixth on the list with 577.5 million dollars followed by France with 540.7 million, the Netherlands with 350 million and Britain with 345 million.

While Vietnam has been successful at attracting investment, bureaucratic snags and land problems have held up many projects, a point acknowledged last week in a critical speech by SCCI vice chairman Nguyen Mai.

Vietnam is hoping to attract around half of the 40 billion dollars it needs for development from foreign direct investment, although if it is to reach its targets it will need to triple the rate of investment up to 2000.

Disbursed investment—money that is now at work in Vietnam—is predicted by the SCCI to reach only 2.7 billion dollars by the end of 1994, just 25 percent of the amount licensed.

Oil companies account for [numerals indistinct] million dollars of disbursed investment much of which has been spent on imported high technology equipment. Industry accounts for 955 million dollars while hotels and tourism is third with 411 million dollars.

Nearly two billion dollars of investment projects are currently under consideration by the SCCI and hundreds of others are being negotiated, according to officials.

Overseas Vietnamese Investment Encouraged

*BK0212144994 Hanoi VNA in English 1441 GMT 2
Dec 94*

[FBIS Transcribed Text] Hanoi VNA Dec 2—Sixty four overseas Vietnamese from 16 foreign countries and representatives of 40 provinces, cities and many ministries gathered here today in a two-day conference to exchange views on investment issues.

The conference focussed on the overseas Vietnamese's cooperation with and investment in Vietnam discussed

difficulties arising in the application of the foreign investment law and the law on domestic investment encouragement on overseas Vietnamese enterprisers and necessary measures aimed at simplifying procedures for investment in Vietnam.

In recent years, overseas Vietnamese remitted about over USD 600 million to help their relatives in Vietnam. The remittance is expected to be about six or seven billion US dollars by the year 2000 or one-sixth or one-seventh of the total investment capital wanted by the country.

Overseas Vietnamese have opened 67 representative offices for their own companies in Vietnam many have been here as representatives of foreign companies.

Worthy of note is that many Vietnamese living in East European countries and the former Soviet Union have set up their own companies. In 1994, many exhibitions of foreign products were held in Vietnam and many exhibitions of Vietnamese goods were held abroad and many seminars were held in Vietnam to introduce new technology. These activities were made possible by the assistance of overseas Vietnamese.

Vo Van Kiet Visits Mekong River Delta Provinces

*BK0512081894 Hanoi VNA in English 0643 GMT 5
Dec 94*

[FBIS Transcribed Text] Hanoi VNA Dec. 5—Positive, synchronised and sustainable solutions should be applied to keep the people in the Mekong River delta from unstable and backward life, said Prime Minister Vo Van Kiet at a working session with the Mekong River delta provinces held in Can Tho town on Nov. 30 and Dec. 1.

The session focussed on two main issues: estimation of the losses and measures to overcome consequences of the flood to restore the normal life and production in the area immediately and for long time at the same time, assigning the targets for 1995 to these provinces and discussing urgent tasks that should be carried out immediately.

The general report on the losses and measures to overcome the aftermath of the flood, delivered by the Minister of Agriculture and Food Industry Nguyen Con Tan, showed that the recent flood caused 407 deaths (including 265 children), total material loss of VND [Vietnamese dong] 2,284 billion, half of which was in agriculture. At present 81,227 families need relief.

By Nov 25 the flood-stricken areas in the Mekong River delta had received total aid worth nearly VND 90 billion

After assigning the tasks in 1995 to the Mekong River delta province, PM Kiet asked these localities to carry out immediately the urgent tasks for 1995, especially the projects on overcoming consequences of the flood to restore normal life and improve the living standard of the people in the area.

Vo Van Kiet Attends Power Plant Inauguration

BK0512012794 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 4 Dec 94

[Report by station correspondent]

[FBIS Translated Text] Dear friends: This morning, 4 December, the Ministry of Energy held a ceremony to inaugurate the Vinh Son hydroelectric power plant at the Con River in Binh Dinh Province. Attending the ceremony were Prime Minister Vo Van Kiet, Deputy Prime Minister Tran Duc Luong, Minister of Energy Thai Phung Ne, Minister of Construction Ngo Xuan Loc, many leaders from provinces of the central and Central Highlands regions, representatives of the French specialist group who helped in the assembling work, and a large number of cadres and workers of the Vinh Son hydroelectric power plant project.

On behalf of Prime Minister Vo Van Kiet, Deputy Prime Minister Tran Duc Luong delivered a speech commending cadres and construction workers for their efforts in completing the project on schedule while ensuring safety and maintaining high-quality building standards at the construction site. Deputy Prime Minister Tran Duc Luong said:

[Begin Tran Duc Luong recording] Together with the Hoa Binh hydroelectric power and other plants, the Vinh Son hydroelectric power plant has connected its power grid to the 500-kilovolt North-South power line. The operation of the Vinh Son power plant has added new sources of electricity for the nation while enhancing the electric power capacity in the central region—mid-way to the North-South power line—thereby significantly contributing to stabilizing the national electric power network.

Dear comrades and countrymen, although the Vinh Son power plant is in operation now, we still have to carry out many remaining tasks to perfectly complete the project, settle final accounts, and ensure safety for the plant's operation and so forth. Leading cadres of the electric sector must closely coordinate with the various ministries and agencies concerned as well as the people's committees of Binh Dinh and Gia Lai Provinces to guide various units to satisfactorily fulfill all assigned tasks. Efforts must be made to map out plans to protect the plant, preserve the watershed forest, develop the electric power network, and ensure the continued operation of the Vinh Son power plant, thereby positively contributing to the cause of national industrialization and modernization. [end recording]

Electricity Development in Central Region Viewed

BK0212151294 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 2 Dec 94

["Essay" by Quach Hao]

[FBIS Translated Text] In these final months of 1994, the people of central Vietnam have welcomed good news

on electrification. Many electricity networks and transformer stations of various voltages—15, 35, and 500 kilovolts—have been put into operation one after another to supply electricity to the entire region. It is especially noted that for the first time the central region has had a powerful, 66-megawatt hydroelectric power source, that is, the Vinh Son hydroelectric power plant in Binh Dinh. The plant, which can deliver an output as designed, has put its two generator groups into operation safely.

There have been a series of important events, starting with the inauguration of the 500-kilovolt Danang transformer station on 19 September, which was viewed by Prime Minister Vo Van Kiet as a very special day of the central region in general and of Quang Nam-Danang in particular and by Comrade Truong Quang Duoc, chairman of the Quang Nam-Danang Province People's Committee, as a landmark on the road toward satisfying the thirst of electricity of central Vietnamese provinces.

Presently, the 500-kilovolt Danang transformer station can only produce over 100 megawatts compared to its designed 450 megavolt/ampere. It will not be long before the construction of the Cau Do transformer station in the 3d Precinct of Danang, the East Danang Processing Zone in Tam Ky, and more especially, a 220-kilovolt power line leading to the Trung Quat oil and gas processing zone in northern Quang Ngai is complete. By that time, the 500-kilovolt Danang transformer station will truly become the most efficient one.

Another event was the simultaneous completion of the two projects, namely, the 220-kilovolt Qui Nhon-Play Cu powerline—which forms the first electricity link between the coastal and central highlands regions—and the 500-kilovolt Play Cu transformer station on 12 November. With this event, for the first time the two northern Central Highland provinces of Gia Lai and Kon Tum have been able to benefit from the Hoa Binh hydroelectric power plant which is located thousands of kilometers away. Binh Dinh and Phu Yen will soon receive a new source of electricity supply from Play Cu. Thus, the central region has already had a complete electricity network with the 500-kilovolt north-south power line serving as its backbone.

The region has two 500-kilovolt transformer stations in Danang and Play Cu which, each having a output of 450 megavolt/ampere, are capable of ensuring strategic electricity storage for central Vietnam until the year 2000. These do not include the Ya Ly and (Cong Dinh) hydroelectric power projects, which are now under construction.

A 110-kilovolt power line has been built from Dong Hoi to Nhatrang and Da Nhim. The Tuy Hoa-Quy Nhon portion of the power line will be complete by the end of this month.

A second electricity link between the central highlands and the coastal region will be formed with the construction of the 220-kilovolt Vinh-Dong Hoi power line that

will bring in electricity from the north, the 200-kilovolt Qui Nhon-Play Cu power line—the construction of which has been complete, but it is now temporarily used as a 110 kilovolt power line—and the 220-kilovolt Play Cu-Krong Buk-Nhatrang power line.

Once their construction is complete, the 220-kilovolt and 110-kilovolt transformer stations in Krong Buk will bring 110-kilovolt electricity to Buonmethuot of Dac Lac Province—the last province in central Vietnam expected to receive an electricity supply from the national power grid by late 1995 for use in place of its present electricity source, the Drei H'ling hydroelectricity power plant.

All the 110-kilovolt transformer stations in various central coastal provinces have operated almost at their highest capacity, and there is now a plan to install some new transformer stations to meet the demands for electricity of various industrial complexes, processing zones, and major urban areas.

As the electricity network in the central region has the Vinh Son hydroelectric power plant in its center, the Central Region Electricity Managing Center A-3 can now deal with all breakdowns in the electricity networks and can regulate the electricity supply from various directions—from the north and the south—to ensure an uninterrupted supply to various households. This will enable the central region to carry out its 1995 plan by basically bringing electricity to various districts and towns within the region. The startup of the Vinh Son hydroelectric power project in Binh Dinh and the 500-kilovolt Play Cu-Gia Lai transformer station will give firmer assurance for the stable and safe electricity supply within the region and will create conditions for various central Vietnamese provinces to bring their socioeconomic development up to the level now being achieved by other areas in the country.

* Article Reviews People's Councils Activities

952E0024A Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 14 Oct 94 p 1

[Article by Huynh Thanh Luan: "A Term of Activities of the People's Councils at All Levels in Ho Chi Minh City: Positive Changes"]

[FBIS Translated Text] After a five-year term, the People's Councils of Ho Chi Minh City and various precincts, districts, subwards, and villages are now organizing reviewing sessions to evaluate the essence and effectiveness of the activities of the grass-roots organs of state power, which represent the will, aspirations, and mastery of the people in localities.

We can clearly see the notable progress made over the past five years in the process of implementing democracy in the activities of elective organs. Voters in Ho Chi Minh City have paid increasingly greater attention to and put increasingly greater hopes in the activities of the people's councils, in particular when the councils are in session. The number of letters sent by voters to the

people's councils to report facts, to express their views, and to make suggestions on many pressing issues in production, living conditions, and state management has steadily increased. Every time they were in session, the people's councils of some precincts and districts also received many suggestions and reports from voters. In addition, by attaching special importance to performing their controlling and supervisory functions and by meeting with voters, the people's councils at all levels in Ho Chi Minh City have got a better understanding of the major, fundamental issues bearing on the people's standard of living and on the socioeconomic development in their localities. It is thanks to such efforts that the agendas of various people's council sessions have focused on very practical matters, accurately responding to the people's aspirations. Of the 20 sessions held by the Fourth People's Council of Ho Chi Minh City, aside from the 10 sessions devoted to reviewing the local situation and determining the direction of local socioeconomic development, the remaining 10 exclusively dealt with special issues, all of which were urgent problems such as resolving difficulties in production, overcoming the degradation of the infrastructure, finding employment for the jobless, helping public health service and educational cadres and personnel cope with difficulties in daily life, doing away with hunger and reducing poverty, eliminating social evils, improving the maintenance of urban order, promoting the four movements, and strengthening state management and law enforcement. The precinct, district, subward, and village people's councils have also held specialized sessions to resolve pressing problems in their localities, thereby improving the effectiveness of their activities.

Broadening and developing democracy was a new feature of the activities of the people's councils at all levels in Ho Chi Minh City in their recent term. At their sessions, an atmosphere of open, frank discussion prevailed, gradually overcoming formalism in debate. Councilors' failure to be fully aware of their responsibilities and to maintain regular contact with their constituencies became less acceptable. Performing their function of supervising councilors' activities, the Fatherland Front committees of many localities proposed dismissing a number of councilors who had failed to fulfill their responsibilities. During their recent term, the people's councils at all levels in Ho Chi Minh City also lost no time in screening and dismissing those councilors who had made mistakes in work or in life and had therefore lost their prestige among the people. Regarding the People's Council of Ho Chi Minh City in particular, during its recent term, up to 12 of its total 120 councilors had made mistakes and were allowed to resign or dismissed. Such screening is necessary because it is aimed at not only ensuring the perfection of the work procedures of people's councils but also further improving the capability and prestige of councilors.

Developing democracy in the activities of people's councils has also been reflected in the questions asked by

councilors during people's council sessions. The questioning by people's councils of the leadership of local state management organs has strengthened the supervisory roles of the people's councils at all levels over the activities of the local administrative machinery. Sometimes a number of people's committees and the leadership of some organs concerned have been slow in answering councilors or have failed to give them specific answers; but there has been no refusal to answer.

Compared with the previous terms, during the recent term the activities of the people's councils at all levels in Ho Chi Minh City have shown positive changes. However, it is obvious that such changes have not been even among the local people's councils and among the three levels [city, precinct and district, and subward and village] in Ho Chi Minh City. At one local people's council, one session might proceed in a very lively manner and have high quality, but the next session might be very sluggish. Some sessions of the People's Council of Ho Chi Minh City itself have been lethargic and have failed to achieve high results. At the subward and village level, there have been cases in which periodic people's council sessions could not be held because of a lack of careful preparations or in which session agendas could not be determined. There have been sessions during which local people's councils brought up a problem for resolution when all relevant factors had not been considered, making it impossible for councilors to weigh the

pros and cons when considering the issue because of the lack of information. In some cases, people's councils brought up for consideration too many projects during a single session when there was very limited time for discussion, thus leading to the formulation of unsatisfactory resolutions. During some people's council sessions at various levels, in their discussions sometimes councilors were more inclined to criticize actual situations but concentrated little on suggesting corrective measures or on analyzing facts and pointing out responsibility for failure to seriously implement the resolutions of the previous sessions. Worthy of note is that sometimes councilors and even the permanent members of local people councils have failed to correctly determine their legal position and authority; therefore, they have shown confusion during people's council sessions.

As the seventh party congress has clearly pointed out, in the political system of our country, the party serve as the leader to ensure that all power belongs to the people, who exercise their power mainly through the elective organs. In view of this direction, and under the conditions of Ho Chi Minh City having to concentrate on socioeconomic development and renovating, it is imperative that, in their new term, the people's councils and people's committees at all levels should improve the effectiveness of their activities to establish a mechanism necessary for ensuring democracy and promoting positive changes in the process of democratization.

Australia

French Trade Delegation Meets Bank Governor

*BK0512080094 Hong Kong AFP in English 0658 GMT
5 Dec 94*

[FBIS Transcribed Text] Sydney, Dec 5 (AFP)—Leading French business figures were taking a close look at the fastest-growing economy in the industrialised world Monday as the largest French trade delegation to visit Australia held meetings here.

Headed by Francois Perigot, president of the National Council of French Employers, the delegation—invited by Prime Minister Paul Keating—is to attend Australia's National Trade and Investment Outlook Conference in Melbourne this week. The 30-member delegation represents the top names in French industry and banking, including Alcatel Trade International, Chargueurs, Pechiney, Thomson-CSFP and Banque Indosuez. The French group also has delegates from such utility concerns as Electricite de France and Gaz de France.

The French visitors met Monday with Australian businessmen and with executives of French companies established here.

Perigot, who will be accompanied by delegates in meetings Tuesday with Keating and Foreign Minister Gareth Evans in Canberra, has already held discussions with Reserve Bank of Australia governor Bernie Fraser.

France and Australia have "ignored each other for too long. Let us get to know each other better," Perigot said at a luncheon organised by the French Chamber of Commerce and Industry here. The French business leaders will be the only European representatives at the Melbourne conference, which is being held as Australia breaks through a recession with an annual growth rate of more than six percent.

Perigot said he hoped French businesses could share in Australia's growth and that Australian concerns would "share our more modest return to growth."

Australian Trade Minister Bob McMullan said in a statement that the conference, which opens Wednesday, will emphasise trade and investment links with Asia. The conference is also aimed at establishing international networks for Australian business. It would also seek to demonstrate to visitors the advantages of doing business with Australia and establishing regional headquarters here with an eye on the Asian economic powerhouses to the north.

Government statistics here put Australian investment in France as of June 1993 at 1.6 billion dollars (1.1 billion US), with French investment in Australia topping 248 billion dollars. The figures show Australian exports to France declined since 1988-89 to reach 791.7 million in 1993-94, with more than half of Australian goods consisting of wool, animal hair and coal.

Imports from France have grown slowly since 1988-89 and currently to 1.5 billion dollars, with machinery and equipment, chemicals, perfume and toiletries and alcoholic beverages high on the list.

Perigot noted Australia's proximity to Asia's "fantastic growth zone" with its concentration of population, skills, dynamism, technology and money, but also called on Australian businesses not to ignore France or Europe.

New Zealand

Finance Minister on Commitment to Debt Repayment

*BK0212035394 Hong Kong AFP in English 0351 GMT
2 Dec 94*

[FBIS Transcribed Text] Wellington, Dec 2 (AFP)—Finance Minister Bill Birch on Friday restated the government's commitment to debt repayment saying inflationary pressures could intensify if government spending was increased. He said the current state of the economy provided the best justification for repaying debt at an even faster rate than previously targeted. Government debt is currently around 23.9 billion NZ dollars (14.8 billion US dollars).

In a speech Birch said the economy grew by 6.1 percent in the year to June, with domestic spending driving much of the growth.

"It almost goes without saying that growth of this magnitude is inevitably accompanied by risks of inflationary pressures or balance of payment problems."

"I should stress that there are no significant dangers on the horizon at present."

But Birch said signals like building queues and skills shortages showed the country was reaching capacity in some areas.

"The inflationary pressures are manageable now, but could worsen if the wrong policies are pursued—especially a big increase in government spending. That would be like adding petrol to the bonfire."

Birch said repaying debt now would prolong the strong growth period, and ameliorate the effects of the slower growth period due to follow.

"Lower debt makes for a stronger and lower-cost economy. It makes us less vulnerable to world fluctuations in prices, interest rates or exchange rates..."

"Reducing debt frees that money up for investment in our nation's future," he said.

Papua New Guinea

Two Killed in Clash With Bougainville Rebels

*BK0212035794 Hong Kong AFP in English 0400 GMT
2 Dec 94*

[FBIS Transcribed Text] Port Moresby, Dec 2 (AFP)—Two more Papua New Guinea (PNG) soldiers were

Friday confirmed killed in an ambush by Bougainville rebels, setting back prospects for any resumption of last October's peace negotiations. A sergeant and a corporal died Thursday during a supply run 10 kilometres outside the provincial capital of Arawa, military officials said. Their bodies were later retrieved by a helicopter and taken to Buka.

The Bougainville Revolutionary Army (BRA) is believed to have been responsible for the ambush, which was the second major incident since a ceasefire agreement was signed in late September. Last week a soldier and a civilian were killed at Manetai, also near Arawa, in a similar ambush.

Papua New Guinea Defence Minister Mathias Ijape expressed his "outrage and dismay" over the latest incident, adding: "It must be clear to everyone now that these murderers have no place under the blue skies of peace."

The latest deaths come amid fresh accusations by the Solomon Islands of cross-border incursions and skirmishes involving what were described as renegade Papua New Guinea soliders.

Solomon Islands Prime Minister Solomon Mamaloni, re-elected to office only three weeks ago, said Thursday that Solomons border guards exchanged fire with "renegade PNG soldiers" at the border on Monday and Tuesday. He claimed the attacks were a deliberate ploy to stir up problems for his country and Papua New Guinea. Mamaloni said those responsible wore military fatigues to disguise themselves, although he claimed they were allied to a splinter group of the BRA called SPEAR, of which little previously has been heard. He also claimed that four Papua New Guineans and two Australian-based members of the group were living in the Solomon Islands capital, Honiara, and were being kept under close surveillance.

Mamaloni's government has sent a protest note to Papua New Guinea which has not commented, although a government official said here the allegations were being investigated. The latest developments coincide with new efforts by Papua New Guinea prime minister Sir Julius Chan to revive peace negotiations with Bougainville leaders.

Last week he met with Bougainville civilian leaders here and signed a pact for the establishment of an interim government for the island.

On Tuesday security forces chiefs on Bougainville and the people of south Bougainville witnessed the surrender of 300 rebels in a peace ceremony.

Solomon Islands

Australia Investigates Allegations on Mercenaries

BK0412161394 Melbourne Radio Australia in English
0800 GMT 4 Dec 94

[FBIS Transcribed Text] The Australian High Commission in Solomon Islands is investigating allegations that

two Australian mercenaries are operating in the Islands. The allegations have been made by Solomon Islands' new prime minister [PM], Solomon Mamaloni. Mr. Mamaloni has alleged that the mercenaries belong to an Australian-based Bougainville group which consists of renegade Papua New Guinea [PNG] soldiers and south Bougainville resistance fighters.

A spokesman for the Australian High Commission says the allegations are being taken seriously, adding that it is against Australian law for citizens to act as mercenary. Mr. Mamaloni says the mercenaries are responsible for last week's border violation as part of a campaign to stir up trouble between Port Moresby and Honiara; and Solomon Islands' finance minister, (Christopher Columbus Abe), has accused the former government of misusing compensation money paid by PNG for border violations.

The PNG Government paid \$500,000 [currency not specified] in March of this year after the fatal shooting of three Solomon Islanders and the destruction of properties in Solomon Islands' territory in 1992 by Bougainville-based soldiers. (Mr. Abe) says the money should have been given to the people of Shorland as relatives and properties were lost in the incidents. But he says this was not the case as the money was deposited in the government's consolidated fund, a general purpose account.

New Surveillance Force To Monitor Shipping

BK0512032894 Hong Kong AFP in English 0247 GMT
5 Dec 94

[FBIS Transcribed Excerpt] Honiara, Dec 5 (AFP)—The Solomon Islands, scene of some of the World War II's bloodiest battles between American and the Japanese, is now considering building its own military force as a result of a conflict across its northern border.

Newly elected Prime Minister Solomon Mamaloni has called for creation of a Solomon Islands National Reconnaissance and Surveillance Force between 1995 and 1998. He says it would oversee national security and in peace times would be required to carry out civil works and assist in any national disaster.

In outlining the unit in his programme of action Mamaloni gave no indication of size or cost but it is likely to be based on an existing section of the police and prison services. [passage omitted]

Minister of Police Victor Ngele said recently another task of the new force would be to monitor ships carrying log and tuna exports, using two Australian supplied patrol boats. Successive governments believe exporters are falsifying export figures.

Opposition MP Andrew Nori however called Monday for the government not to militarize the Solomons. He said the country did not have the resources to support a military forces.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.